

**FBI**

# DAILY REPORT

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COMMENTARY ON HELSINKI CSCE ANNIVERSARY MEETING

OW060901 Beijing Domestic Service in Mandarin 1150 GMT 5 Aug 85

[International current events commentary: "Stop the Arms Race, Defend Peace in Europe"]

[Text] A meeting to mark the 10th anniversary of the signing of the CSCE's final document was held in Finland's capital, Helsinki, from 30 July to 1 August. Delegations headed by foreign ministers of 33 European countries and the United States and Canada attended the meeting. The participants reviewed and summed up the implementation of the final document during the past 10 years and discussed the outlook of the CSCE. Representatives of many countries made appeals at the meeting, calling on the two superpowers to stop the arms race in order to ensure security and peace in Europe.

The final document of the CSCE was the result of a compromise reached by the 35 European and American nations after prolonged talks. As early as in the 1950's, plans were made to convene the conference. It took nearly 3 years to reach the final agreement, from the time preparations began for the conference in November 1972 to the signing of the final document by the heads of state or government in Helsinki on 1 August 1975.

The final document, to a certain degree, reflects the desire of the overwhelming majority of the participants to maintain stability and security in Europe and their wish to promote cooperation and exchanges between Eastern and Western Europe. The document includes stipulations on disarmament and security in Europe, the establishment of mutual trust, economic cooperation, and respect for human rights. However, the document has no legal binding power on any of the participating countries. In particular, the stipulations of the document are contradictory and counterproductive on a number of important issues. Each country can take from it what it wants and interpret it in a way that suits its own interests.

Although the document declares that the goal of the CSCE is to promote peace, security, justice, and cooperation in Europe, the representatives of many countries taking part in the celebration meeting in Helsinki expressed disappointment in the lack of concrete results achieved in promoting security and cooperation in Europe during the past 10 years. In particular, they felt uneasy over the aggravating arms race between the United States and the Soviet Union.

Public opinion in Europe also expressed regret over the failure in implementing the spirit of the final document. The Swedish newspaper DAGENS NYHETER carried an editorial pointing out that the CSCE has been unable to prevent the rivalry between the United States and the Soviet Union for hegemonism in Europe and the whole world and their arms expansion.

The disappointment and worry of these countries and of the general public are easily understood. In the 10 years since the signing of the final document of the conference, Europe has gone through a difficult and tortuous period. The two superpowers have deployed more and more nuclear weapons in Europe and their nuclear arms race has spread from ground and sea level to outer space. Although many kinds of talks have been held on arms control and disarmament, these long, drawn-out negotiations have made little progress and have not achieved practical results. The central European disarmament conference in Vienna has encountered difficulties, the Geneva disarmament conference has been held off and on, and the Stockholm disarmament conference has also failed to make progress.

Centering on the issue of deployment of U.S. Pershing II missiles, Soviet SS-20 missiles in Europe, and of weapons in outer space, the two superpowers have engaged in a battle of words and criticized each other. One problem has followed another in their discussions.

Facing the grim situation in Europe, many representatives frankly pointed out that, compared with the situation 10 years ago, Europe has not become safer and more stable, Europe is not basking in the warmth of detente, and Europeans are feeling less secure than before.

Facts have proved that precisely because of the increasing arms race between the two superpowers and their expansion abroad, the situation in Europe and the world has become more turbulent and unsafe.

Many medium and small countries in Europe have become more and more convinced that only by stopping the arms race can the tense situation be alleviated and security be ensured in Europe. At the Helsinki celebration meeting they made a strong appeal for peace instead of war and for disarmament instead of arms race. In their speeches the representatives of the various countries strongly demanded that the United States and the Soviet Union limit and reduce arms, especially nuclear weapons. They also hoped that the United States and the Soviet Union would achieve success at the Geneva disarmament talks at an earlier date and reach agreement on reducing nuclear weapons and stopping the development of space weapons.

Romanian Foreign Minister Stefan Andrei suggested that military expenditures of the two major military camps be frozen at the 1985 level and be reduced by 5 to 10 percent each year. He emphatically pointed out that the big countries have the primary responsibility for the progress of the CSCE.

Although the United States and the Soviet Union made some gestures of reconciliation during the conference in Helsinki, French Minister of External Relations Dumas said that his talks with the U.S. secretary of state and the Soviet foreign minister showed that both the United States and the Soviet Union have not changed their stand on the wide-ranging issue of arms control. He said that the two countries only reiterated their past stands.

On the eve of the conference, soon after his arrival in Helsinki, Shultz rejected the proposal to freeze nuclear weapons tests put forward by Gorbachev a while ago. Right afterward the Soviet Union rejected the U.S. invitation to have Soviet observers watch a U.S. underground test.

At the conference, the United States and the Soviet Union gave each other tit for tat in criticizing each other on the issue of disarmament. In Helsinki, the U.S. and Soviet foreign ministers also held talks to specifically discuss the deadlocked Geneva arms control talks as well as preparations for the meeting between President Reagan and General Secretary Gorbachev in November. It was learned that during these talks both sides mainly tried to find out the intentions of the other side. They made no progress on arms limitation and especially on space weapons and other major issues.

Both the United States and the Soviet Union held that the talks were beneficial, but both sides also admitted that serious disagreement existed between them. From this we can see that progress in the talks between the United States and the Soviet Union on arms limitations will continue to be very slow and tortuous in the future. These talks are full of complicated contradictions and arguments.

For the sake of security and peace, the vast number of European countries, especially the neutral and nonaligned countries, have made unremitting efforts in the past 10 years. During the celebration meeting in Helsinki, they once again clearly expressed their determination and desire to call on the superpowers to stop the arms race and protect peace in Europe. Their attitude is worth praising.



One point that merits special attention is that at the conference a number of European countries resolutely expressed the view that they opposed control of their destiny by the superpowers. They called for holding their destiny in their own hands. French Minister of External Relations Dumas emphatically pointed out that the issue of security and disarmament has a bearing on every country in Europe and that Europe cannot allow the two big powers to monopolize the discussion on security in Europe. It is expected that in the course of promoting disarmament and security and peace in Europe in the future, the European countries and their people, who want to keep their destiny in their own hands, will certainly play a greater role.

UNICEF TO INCREASE BUDGET FOR CHINA PROGRAM

OW311433 Beijing XINHUA in English 1237 GMT 31 Jul 85

[Text] Beijing, July 31 (XINHUA) -- The United Nations Children's Fund is to increase its budget to 50 million U.S. dollars for the present China program (1985-1989). This was disclosed by James Grant, executive director of the UNICEF at a press conference here today. He said since the setting up of the UNICEF's China office in 1980, 30 million U.S. dollars will have been spent in its China program by the end of 1985.

He said that the present program involves projects to increase vaccine production, to provide a youth printing shop here to increase its production capacity, to set up 40 model counties for maternal and child health care, to train teachers, focusing on kindergarten and primary teachers.

Grant said he was satisfied with the cooperation between the UNICEF and the Chinese Government, describing it as "substantial and fruitful." He praised China for its "tremendous improvement" in children's work, saying that what China had achieved in 35 years equaled to that in Europe in 100 years, under the condition of a national income much lower than that in Europe.

When asked about infanticide problem in China, Dr. Carl Taylor, UNICEF representative in China, said that the problem went back far into the history and tradition in China. He said that of the countries he had visited, there was hardly anyone like China which took so much care about children. He said the Chinese Government was trying to tackle the problem and making active efforts to educate and persuade people that male and female children were equally good.

Grant, on his fourth visit to China since 1980, is here at the invitation of the Chinese Government to visit and inspect cooperative projects between China and the UNICEF. He left for Tibet today.

RENMIN RIBAO EDITORIAL LAUDS LI XIANNIAN'S U.S. VISIT

HK071220 Beijing RENMIN RIBAO Overseas Edition in Chinese 7 Aug 85 p 2

[Editorial: "A Satisfactory and Successful Visit -- Greeting President Li Xiannian's Return From the United States"]

[Text] President Li Xiannian has finished his state visit to the United States of America and returned to Beijing. President Li Xiannian's U.S. visit has increased mutual understanding and promoted the friendly relations between the two countries and also deepened the friendship between the two peoples. Undoubtedly, it has facilitated the safeguarding of Asian and world peace. This visit has attained the expected aim and achieved complete success. We hereby convey our congratulations on this.

President Li Xiannian's visit to the United States, at its invitation, was the first visit by a head-of-state of the People's Republic of China to the United States and another contact between high-ranking Chinese and U.S. leaders, and was, therefore, a great event in Sino-U.S. relations. It should be mentioned that during President Li Xiannian's visit to the United States, U.S. President Ronald Reagan, fresh from an operation and still recuperating, personally hosted the welcoming ceremony and banquet in honor of President Li Xiannian at the White House according to the original schedule and had friendly and sincere talks with him. This showed that the U.S. Government and President Reagan set much store by U.S. relations with China.

During the visit, President Li Xiannian and his party together with President Reagan and senior officials of the U.S. Government explored in a deepgoing manner channels to advance the two countries' relations and had an exchange of views on major international issues of mutual concern. The talks were useful and fruitful. During the visit, China and the United States also signed four important documents including the Sino-U.S. agreement on peaceful use of nuclear energy, a 2-year plan for the implementation of the Sino-U.S. cultural agreement, a protocol on Sino-U.S. educational exchanges and the Sino-U.S. fishery agreement. The signing of these documents envisaged new developments in the cooperation between China and the United States in these fields in the future. The Sino-U.S. agreement on peaceful use of nuclear energy was finally signed after over a year of delay. It has opened the door for cooperation between the two countries in this sphere and will benefit both China and the United States. Undoubtedly, all this will have a positive effect on Sino-U.S. relationships.

President Li and his party also met with noted figures in U.S. business, scientific and technological, economic and other circles, and got together with Chinese residents in the United States and friends among Chinese-Americans. He also toured scientific, economic, and cultural centers. Everywhere they went, they deeply felt the friendly sentiments the American people have for the Chinese people. People in the United States are earnestly hoping to learn more about China and want to see a sustained, stable development of Sino-U.S. relations. President Li Xiannian and his party also briefed noted American figures on China's current political and economic situation, expounded on our country's independent foreign policy, clearly expounded on China's economic reform and policy of opening up to the outside world, and conveyed the Chinese people's friendly feeling for the people in the United States. All this has helped the two countries to know each other better.

In the long run, there is still great potential and broad prospects for the development of friendly cooperation between China and the United States. However, some difficulties and obstacles remain to be overcome before the potential can be exploited and the prospects can be entertained. During their talks, leaders of the two countries frankly exchanged their views on these problems. We believe that so long as the two sides fulfill their own commitments in accordance with the principles stated in the joint communiqués issued by the two governments and in the spirit of equality, mutual benefit, and friendly cooperation, the trammels harmful to further development of bilateral relations can be eliminated so that efforts can be concentrated on opening a new dimension of Sino-U.S. friendly cooperation.

Our country is carrying out socialist modernization with one heart and mind and we need a sustained international peaceful environment. China steadfastly pursues an independent foreign policy of peace and is willing to develop friendly relations with all countries on the basis of the five principles of peaceful coexistence. The major issues in the world at present are peace and development. We seek a sustained and stable development of Sino-U.S. relations on the basis of the principles agreed on by the two sides. This not only conforms to the interests of the peoples of China and the United States, but is also beneficial to the maintenance of world peace and the common prosperity of all countries. Our country will continue to devote its energy to the lofty causes of world peace and human development.

#### U.S. ATTITUDE TOWARD SOUTH AFRICA CRITICIZED

HK070901 Beijing RENMIN RIBAO in Chinese 2 Aug 85 p 7

["International Jottings" by Chen Feng: "Why 'Abstain'?"]

[Text] On 26 July, when the UN Security Council adopted a resolution condemning the apartheid racial discrimination policy pursued by the South African regime and calling on the member states to suspend contacts with South Africa, the abstention by the United States attracted public attention.

The spokesman of the U.S. Government said that the United States has also demanded that the South African regime immediately put an end to its emergency rule and abandon its racial discrimination policy. But it insists on "constructive contact" to achieve these instead of imposing economic sanctions. Such an explanation is obviously groundless. Following the resolution adopted by the Security Council, the South African authorities intensified their efforts to suppress the blacks and even Bishop Desmond Tutu's proposal on holding talks was refused. The arrogant attitude of the South African authorities is the result of the U.S. abstention from voting rather than a mockery of the "philanthropic act" of the United States.

Two days ago, the U.S. Senate and House of Representatives adopted a bill on imposing economic sanctions against South Africa, which was identical to the spirit of the UN Security Council resolution. However, when the proposal was adopted by the U.S. Senate early in June, the White House did not approve of the proposal under the excuse that it did not tally with "state interests." If the United States still insists on such an attitude, it will cause some problems. It is said that over one-third of the 500 largest companies in the United States have huge investments in South Africa and that South Africa is the source of wealth of a large number of major U.S. enterprises. If the White House is motivated by "state interests," and is thus unwilling to impose economic sanctions against South Africa, does it mean that the U.S. Congress takes no heed of "state interests?" Would the actual decision made by the U.S. Congress in compliance with the trend of the times not further tally with the "state interests" of the United States?

#### PRESIDENT REAGAN ISSUES STATEMENT ON HIROSHIMA

OW071847 Beijing XINHUA in English 1830 GMT 7 Aug 85

[Text] Beijing, August 7 (XINHUA) -- Anti-nuclear demonstrations and rallies were held in the United States and Europe yesterday to mark the 40th anniversary of the atomic bombing of Hiroshima.

Thousands of Americans observed the anniversary with vigils and rallies across the country. Painters traced shadows of the human form on asphalt as grim reminders of the atomic explosion that vaporized victims.



Many of the ceremonies nationwide commemorating the 140,000 Japanese who died in the explosion began Monday evening, with New York City churches tolling bells for 10 minutes at 7:15 p.m., or 8:15 a.m. Tuesday in Japan, the hour the bomb was dropped on August 6, 1945.

Taking the opportunity, U.S. President Ronald Reagan said in a statement: "We must never forget what nuclear weapons wrought upon Hiroshima and Nagasaki". But on the other hand, he also stressed that a strong nuclear deterrent must be maintained.

Meanwhile, in Federal Germany, demonstrators marked the Hiroshima anniversary by trying to blockade a U.S. Army Pershing-2 missile base. Eighteen demonstrators were arrested.

In West Berlin, bells tolled in Catholic and evangelical churches at 8:15 a.m., the time the first atomic bomb exploded over Hiroshima 40 years ago.

In Brussels, Belgium, many pacifists demonstrated outside the Florennes military base, south of Brussels, to mark the event 40 years go. 16 U.S. cruise missiles are stocked at the base.

In Lisbon, Portugal, artists rallied to mark the 40th anniversary of the bombing of Hiroshima, chanting: "Fight against nuclear arms, for disarmament and peace." They also called for denuclearization of the Iberian peninsula.

In Geneva, people marched through the streets yesterday to demonstrate their opposition against nuclear arms. Some people observed in silence for a whole hour in downtown Geneva in the afternoon in remembrance of the victims of the atomic bombing.

#### XINHUA ON REAGAN'S 5 AUG PRESS CONFERENCE

OWO60742 Beijing XINHUA in English 0728 GMT 6 Aug 85

[Text] Washington, August 5 (XINHUA) -- U.S. President Ronald Reagan said today the United States has "turned the tide of gradual Soviet expansion so evident five years ago."

Answering questions from a limited number of reporters at the Oval Office, he said that at Geneva, "We are in the best position in more than a generation to achieve real reductions of nuclear weapons," adding that "all we need is a serious approach by the Soviets." He reiterated that the U.S. is "going forward with research on our non-nuclear Strategic Defense Initiative", and said U.S. conventional forces are stronger. He made it clear that he is looking forward to his meeting with Soviet leader Mikhail Gorbachev in Geneva this November.

He also used the opportunity to voice his support for the budget compromise adopted by the U.S. Congress last week. The budget compromise with Congress is "very close" to the figures he originally proposed to Congress last February, he said. The budget adopted by Congress calls for 767.6 billion dollars in spending for the fiscal year that begins October 1 and projects 55.5 billion in savings during the year.

The President admitted that the pimple removed last week from the side of his nose turned out to be skin cancer. He said the pimple was a "basal cell carcinoma" caused by overexposure to the sun. However, Reagan called it a mild and common form of the disease and will require no further treatment or examination.



SOVIET REGIONAL LEADERSHIP CHANGES NOTED

OWO61554 Beijing XINHUA in English 1538 GMT 6 Aug 85

[Text] Moscow, August 6 (XINHUA) -- First secretary of the Tula regional party committee Ivan Yunak has retired, PRAVDA reported today. The paper said that the decision to ask him to retire was made at a recent plenary session of the Tula regional party committee. Yunak, 67, has held the post for 24 years since 1961. Y.I. Litvintsev, inspector of the Central Committee of the Soviet Communist Party, has been elected to this post.

PRAVDA also reported other reshuffles in regional party committees. M.M. Aripdzhanov, who worked in a department of the Soviet party's Central Committee, has succeeded S. Mamarasulov as first secretary of the Andizhan regional committee of the Uzbek Communist Party. The latter has been appointed first secretary of the Syr-Darya regional committee of the Uzbek Communist Party.

21 first secretaries of regional party committees have been changed in the past five months since Mikhail Gorbachev took office. It is reported that the changes have been made out of considerations to appoint younger leading cadres and remove those who are incapable of exercising effective leadership or have made mistakes. Some were just routine exchanges.

ZHONGGUO QINGNIAN BAO ON GORBACHEV'S VISIT TO FRANCE

HK311359 Beijing ZHONGGUO QINGNIAN BAO in Chinese 24 Jul 85 p 3

[Article by Chen Xueyan: "Why Does Gorbachev Visit France First?"]

[Text] Soviet leader Gorbachev will visit France in October. This news created ripples in international opinion. Why has Gorbachev selected France as the first Western country he will visit since he assumed power in March? Why has he scheduled his trip to France before the Soviet-U.S. summit meeting in November? International observers have been discussing these questions and trying to find the answer to the changes in Soviet-French relations in the past 2 years.

After Mitterrand came to power in 1981, Franco-Soviet relations were rather frigid. The Socialist Party of France was afraid that if it got along well with the Soviets as soon as it assumed power, the stability of its government might be affected. In addition, profound differences on many major international issues existed between the two sides. Mitterrand once indicated that he would not visit the Soviet Union unless Moscow withdrew its troops from Afghanistan. On 5 April 1983, the French Government ordered 47 Soviet diplomats and TASS reporters to leave France within 7 days because of their involvement in espionage activities. This made Soviet-French relations even more tense. At the same time, Moscow also went all out to attack France's domestic and foreign policies.

Since the second half of 1983, Soviet-French relations have begun to thaw. Leaders of both sides have gradually increased their contacts. Soviet Foreign Minister Gromyko and deputy chairman of the Soviet Council of Ministers Arkhipov respectively visited France in September 1983 and January 1984. In return, French Minister of External Relations Roland Dumas visited the Soviet Union this year.

French President Mitterrand, following his official visit to the Soviet Union in June last year, personally attended Soviet leader Chernenko's funeral in March this year, and invited the new Soviet leader to visit France.

The change in Soviet-French relations toward detente reflects the needs of both sides.

On the part of France, it has a deep economic stake in its trade relations with the Soviet Union. France has decided to import 8 billion cubic meters of natural gas from the Soviet Union each year. Although Soviet-French trade accounts for merely [word indistinct] of the total volume of France's foreign trade, French exports to the Soviet Union are just half the volume of its imports from the Soviet Union. So France is trying to export more farm produce and machinery to the Soviet Union in order to achieve a balance of trade between the two countries. What should be mentioned here is the recurrent frictions between France and the United States. On the issue of the natural gas transactions, the United States announced its economic sanctions against the Soviet Union, but France took the lead in boycotting the U.S. decision and signed a formal contract on the gas deal with the Soviet Union. France also promised to provide all necessary pipeline equipment for the project. In addition, France has reservations toward the United States' "star wars program." At the summit conference of the seven Western countries in May this year, Mitterrand clearly indicated that France will not participate in the "star wars program" in order to maintain an independent nuclear force. Instead, he initiated a civilian "Eureka plan" which includes development projects for large-scale computers, light-guided electronic equipment, and lasers. In its confrontation with the United States, France needs to strengthen its relations with the Soviet Union, because this will consolidate its "independent" position when dealing with the Americans. France holds that it should maintain the dialogue with the East, play a "buffering" role between the United States and the Soviet Union, and do something to ease international tension so that France and other West European countries can have more room for maneuver in international relations.

As far as the Soviet Union is concerned, the development of its relations with France will enable it to increase exports of raw materials and products to the Western countries in exchange for more hard currency and advanced technologies so as to build up its economic strength. In addition, the Soviets can take advantage of the contradiction and differences between the United States and Western Europe and drive a wedge in between them. This will serve its strategic interests. In the nuclear arms race between the Soviet Union and the United States, the Soviets have been trying hard to frustrate the "star wars program" of the United States by sowing dissension between the United States and Western Europe in order to prevent the "star wars program" from being supported by Western Europe. The Soviet propaganda machine has repeatedly attacked the United States for forcing its European allies to unconditionally support the "star wars program," and has praised France's position, saying that France has "set an example" for other West European countries. THE WASHINGTON POST said in an article on 4 July that by visiting France before meeting with Reagan, Gorbachev will build up his bargaining power in the talks with the United States. Japanese Prime Minister Nakasone also pointed out that Gorbachev's visit to France means that the Soviet Union will more actively use diplomacy toward the Western camp and will work harder to sow discord between the United States and Western Europe.

Of course, it is still too early to assess the results of Gorbachev's visit to France. However, the frequent exchange of visits by government officials of the two countries in the past 2 years does show that Soviet-French relations are being relaxed. But marked differences remain unsolved between the two sides on the issues of Afghanistan, Poland, and Euromissiles, especially on the issue of whether French missiles should be considered in the Soviet-U.S. arms talks.

U.S. SR-71 OVERFLIGHTS AGGRAVATING KOREAN TENSION

OW071551 Beijing XINHUA in English 1540 GMT 7 Aug 85

[Text] Pyongyang, Aug 7 (XINHUA) -- A high-altitude reconnaissance plane 'SR-71' of the U.S. flew from the sky above the territorial waters east of Kosong of DPRK up to the air space above the coastal waters of Sonbong County, North Hamgyong province this noon. According to the report, there have been more than 15 such acts since early July. Continued acts of aerial espionage by the U.S. against DPRK show that the U.S. is intentionally aggravating the situation on the Korean peninsula and laying an obstacle to North-South dialogue, the report said.

GU MU EMPHASIZES OPEN DOOR POLICY WILL NOT CHANGE

OW071121 Beijing XINHUA Domestic Service in Chinese 1739 GMT 6 Aug 85

[By reporter Li Chunqin]

[Excerpts] Tokyo, 6 Aug (XINHUA) -- State Councillor Gu Mu emphatically pointed out in Tokyo today that China's policy of opening to the outside world will not change. Nor will its policy of opening 14 coastal cities change, he stressed. Our domestic economic reform will be carried out thoroughly. Gu Mu is now on a friendly visit to Japan after attending the fourth Sino-Japan ministerial meeting. He made these remarks today at a lecture meeting sponsored by the Japanese Association for the Promotion of International Trade.

Gu Mu pointed out: On Sino-Japanese economic and technological cooperation, Japanese firms are increasingly interested in making direct investments to run plants in China. Both at present and in the future, great potentials exist for the development of economic, trade, and technical cooperation between China and Japan. He said: Both China and Japan must have a broad vision and be bold and resolute in observing and handling questions from an overall and long-term point of view. He said: I am gratified to know that the Japanese side is actively studying solutions to the existing questions in economic and trade matters between the two countries. Gu Mu reiterated that the Chinese Government has agreed in principle that foreign firms may remit abroad their profits made from their enterprise investments in China. He said: Our friends can completely trust us. Now that we want to unflinchingly implement the policy of opening to the outside world, we are determined to properly solve questions in this connection one after another.

Gu Mu emphatically pointed out: To further deepen and broaden the development of Sino-Japanese economic, trade, and technical cooperation, the Chinese and Japanese governments and personages in the economic circles in both countries must cooperate closely and make common efforts. China and Japan should advance with still bigger strides in economic, trade, and technical cooperation. He said: We will first proceed from our side by conscientiously improving external economic interchange and environment for investment.

NO QUICK END TO U.S.-JAPANESE TRADE FRICTION SEEN

HK071233 Beijing RENMIN RIBAO Overseas Edition in Chinese 5 Aug 85 p 6

["Economic Jottings" by Zhang Zhenya: "U.S.-Japanese Trade Friction That Is Difficult To Alleviate"]

[Text] In his televised speech delivered on 30 July, Prime Minister Yasuhiro Nakasone announced Japan's "action package."



The "action package" involves Japan opening its home market with a view to alleviating the hostility expressed by U.S. congressmen, who have threatened everyday lately to take strong measures against Japan's export industries. However, it seemed that the announcement of the prime minister's action program failed to dispell the doubts and misgivings of the White House and the U.S. Congress. White House spokesman Larry Speakes said: The United States will continue to reserve its judgment on the move. However, congressmen, both Republicans and Democrats, indicated that they would continue drafting various protectionist bills to check the continued worsening of the U.S. trade deficit with Japan.

The measures of this market-opening package include reducing or removing tariffs on 1,800 imported industrial and agricultural products, relaxing the requirements for specifications of imports, easing import procedures, relaxing import restrictions, and opening financial and capital markets to the outside world. The contents of this package is wide ranging. It was made public by the prime minister as early as April this year. At that time, apart from urging Japanese to buy more foreign goods, he specially stressed that Japanese importers would be granted low-interest loans to encourage import trade. Subsequently, the prime minister personally visited Western Europe and sent members of his cabinet to the United States and Southeast Asia to go about selling his action package. His aim was simply to prevent Japan from being isolated in a world trade war. Foreign trade is the lifeline of Japan, which is lacking in natural resources. As a matter of fact, it cannot afford to allow itself to be blockaded economically.

However, to dispel the hostility of foreign countries, in particular, the United States, Japan must drastically reduce its trade surplus with other countries. This is exactly what Japan cannot afford to do because to do so will create substantial slowdown for the Japanese economy and a drastic increase in unemployment. As far as Japan, whose domestic economic prosperity depends invariably on foreign trade, is concerned, to do so is to commit suicide. Therefore, no matter how often the previous Japanese governments made pledges to foreign countries to remove domestic tariff barriers, and they did remove quite a number of tariff barriers, the upward trend of its trade surplus with other countries has not been affected in the slightest degree. On 31 July the U.S. Department of Commerce announced that Japan's surplus with the United States in June this year increased to U.S. \$4.57 billion, the largest monthly total ever seen in the history of Japanese-U.S. trade. The Japanese Ministry of International Trade and Industry also announced that Japan's trade surplus with other countries in June amounted to \$5.72 billion, also an all-time high. Naturally, all these figures cannot but make foreign countries more hostile toward Japan. Recently Lloyd Bentsen, a U.S. Senator from Texas, said: The various promises Japan made in the 1979 Tokyo trade talks to remove trade barriers have never produced any real results. Therefore, we must definitely not pin high hopes on how the new program will work.

What is worth pondering is that at the very moment when the prime minister announced his initiative to further open his country's market, Japan's Mitsubishi Research Institute disclosed that the growth rates of Japan's domestic market demand in the coming 3 years will decline year after year, from last year's 4 percent to next year's 3.1 percent, and then to 2.4 percent in 1987.

The United States has continuously asked the Japanese Government to substantially increase its public spending to stimulate domestic market demand and increase the import of American goods. However, Japan has so far refused to yield on the ground that it has excessive budget deficits. Evidently, the economic forecast released by the Mitsubishi Research Institute is aimed at discouraging U.S. attempts to promote exports to Japan.



There will unlikely be even the slightest relaxation of trade relations between Japan and the United States just because of the announcement of Prime Minister Nakasone's new program. Due to the cold U.S. response, some national newspapers and opposition parties in Japan attacked Nakasone for not opening doors wide enough and demanded that he make greater concessions to the United States. However, it appears that it will not be easy to eliminate the trade friction between Japan and the United States in a situation in which there is a slowdown in Japan's economic growth.

JAPANESE DEFENSE STUDY CITES SOVIET THREAT

OW071547 Beijing XINHUA in English 1510 GMT 7 Aug 85

[Text] Tokyo, August 7 (XINHUA) -- The annual white paper on Japan's national defense today called on the Japanese people to give more support to national defense and the self-defense forces. The 1985 paper, entitled "Defense of Japan", was approved by the cabinet this morning.

The paper said that the accumulated effect of the Soviet consistent military buildup has become conspicuous as in the past. The Soviet Union is attempting to expand its influence in the Middle East, Africa, Southeast Asia, Central America and elsewhere, it added.

The paper described the current international military situation as difficult, complicated and volatile. It said that the United States is striving to strengthen its military power in order to reinforce deterrence, and the effects have become gradually evident.

It noted that the Soviet Union has deployed huge military forces in the areas around Japan and the latent threat to Japan is growing.

While continuing to stress the importance of the Japan-U.S. security arrangements, the paper said Japan's ground, maritime and air self-defense forces are a significant deterrent, even in the age of nuclear weapons.

In a new chapter entitled "The People and Defense," the paper said the most important pillar supporting national defense is the recognition by each individual of the importance of defense, and also the strong will to defend his or her nation. Emphasis on people's support for national defense is explained by Japanese Defense Agency sources as an effort to create a national consensus on defense problems.

FORUM DECLARES SOUTH PACIFIC NUCLEAR-FREE ZONE

OW071706 Beijing XINHUA in English 1652 GMT 7 Aug 85

[Text] Canberra, August 7 (XINHUA) -- The South Pacific Forum meeting today unanimously endorsed a treaty declaring the South Pacific a nuclear-free zone but guaranteeing the free passage of nuclear-armed or powered ships within the region, according to reports received here. The treaty leaves it to each signatory to determine whether it will allow the nuclear ships access to its ports.

Participants of the South Pacific Forum's annual meeting being held at Rarotonga, Cook Islands, agreed to ban nuclear testing, nuclear waste dumping, nuclear materials re-export and nuclear weapons production within their territories and exclusive economic zones. The treaty zone stretches north to the Equator, south to the demilitarised non-nuclear Antarctic treaty zone, west to the Indian Ocean shores of western Australia and east to join the Latin American zone defined by the treaty of Tlatelolco. The nuclear-free zone covers French Polynesia, where France has said its nuclear testing program will continue.

Australia, New Zealand, Western Samoa, Fiji, Kiribati, Tuvalu, Niue and the Cook Islands signed the treaty today, and Papua New Guinea, Vanuatu, the Solomon Islands, Nauru and Tonga are required to refer the treaty back to their governments before signing it.

Forum's spokesman, New Zealand Prime Minister David Lange said that all had indicated that the members of the forum will sign the treaty probably before the end of the year. Once eight countries have ratified the treaty, it will come into effect, he said.

Australian Prime Minister Hawke noted that the United States had expressed certain reservations about the treaty, adding that he hoped after his talks with U.S. Secretary of State George Shultz last month in Canberra that the United States would "respond positively."

Hawke described the unanimous endorsement of the treaty by the forum and the signing by eight countries as "a remarkable achievement."

U NE WIN RETAINS POST IN BURMESE ELECTIONS

OW071425 Beijing XINHUA in English 1400 GMT 7 Aug 85

[Excerpt] Rangoon, August 7 (XINHUA) -- U Ne Win was reelected chairman of the Burma Socialist Program Party, according to a Burma radio station (BBS) report at 13:00 hours (local time) today. U Ne Win, 74, has been the BSPP chairman since its founding on July 4, 1962.

President U San Yu, who had been the BSPP general secretary and resigned from the post at last congress in 1981, was elected BSPP vice-chairman, which is a new position established by the four-day fifth party congress, which closed this mornig.

U Aye Ko was reelected party general secretary and U Sein Lwin joint general secretary.

1,186 party congress delegates elected last Monday a 280-member Central Committee, which is 20 people more than the last one.

I. 8 Aug 85

PRC INTERNATIONAL AFFAIRS  
SOUTH ASIA

F 1

AFGHAN RESISTANCE LEADER ON MILITARY SITUATION

OW080218 Beijing XINHUA in English 0132 GMT 8 Aug 85

[Text] Islamabad, Aug 7 (XINHUA) -- An Afghan guerrilla leader said here today that the resistance forces can win the war against Soviet aggression by virtue of their high morale and the successive defeats suffered by the Soviet-Karmal troops.

Speaking at a press conference, Nabi Mohammadi [spelling of name as received], president of the Islamic Revolutionary Movement (harqat-i-inqilab-i-islami) of Afghanistan, stated that the fighting against Soviet occupation has been developing more successfully in spring and summer this year compared with the previous five years.

While giving an account of the resistance movement inside Afghanistan, Mohammadi noted that the Soviet and Karmal troops sent to the eastern border areas are retreating. Their ambushes in Konarha Province have ended in failure. In Khowst area of Paktia Province, the guerrilla forces are intensifying their attacks on the 25th division of the Karmal army.

Operations, he went on to say, also continue in key areas of Kabul. The Soviet Embassy together with the residential quarters of Soviet and Karmal officers and their military posts have become targets of guerrilla assaults. The guerrillas have carried on their resistance successfully in the northern provinces. In the Panjsher Valley, he said, the resistance forces are in power with most part of the valley under their control.

At the press conference, a former company commander of the Karmal troops named Hayatullah [spelling of name as received] revealed the sagging morale of the Karmal troops. He defected and joined the Mujahidin on August 3. He said in the 18th brigade of 35th division, to which his company belongs, a total strength of 18,000 men has been reduced to only 300 now. As many as 950 soldiers have fled away while some 550 others killed during operations in the past four years. Upon his defection, his company had only about 40 men instead of the previous 96.

PRC, INDIA TO EXPAND METALLURGICAL COOPERATION

OW052041 Beijing XINHUA in English 1841 GMT 5 Aug 85

[Text] New Delhi, Aug 5 (XINHUA) -- Possibilities of expanding trade and cooperation between China and India in the field of metallurgical industry were explored here today by the ministers concerned of the two countries.

In his talks with visiting Chinese Minister of Metallurgical Industry Li Dongye this afternoon, Indian Minister of Finance and Commerce V.P. Singh said India is keen to increase trade with China, especially its iron ore exports to China.

Earlier, Li met with Minister of Steel, Mines and Coal of India Vasant Sathe. Both sides expressed keenness to expand cooperation in the field of metallurgical industry.

The Chinese minister and his party arrived here today for a two-week visit. They will go to Madras, Bangalore, Bhubaneswar, Rourkela and Calcutta to visit some ports, mines and steel works.

XINHUA EXAMINES ARAB SUMMIT IN CASABLANCA

OWO71927 Beijing XINHUA in English 1853 GMT 7 Aug 85

["Casablanca Summit Meets Arab Desire To Close Ranks by Huang Jin" -- XINHUA headline]

[Text] Beijing, August 7 (XINHUA) -- The opening of the Arab extraordinary summit meeting today in Casablanca, Morocco, though amid controversies, reflects in general the fundamental desire of the Arab people for unity and supporting the just struggle of the Palestinian people. It is an event of good omen that through the breaking of the deadlock in which no Arab summit could have been held since 1982, the Casablanca meeting is convened finally. It is hoped that the meeting will, in the spirit of unity, have more or less significant and favorable influence on the common struggle of the Arab and Palestinian peoples.

Of 21 members of the Tunis-based Arab League, 16 countries' heads of state or delegates attended the summit. A meeting of foreign ministers has been held. But some key Arab states such as Syria and Algeria will not attend. Syria, which has played increased role in the Middle East since Egypt was expelled from the Arab League because of its peace treaty with Israel in 1979, said the meeting "can only poison the Arab atmosphere and split the Arab countries."

Gulf countries' heads of state including Saudi King Fahd and Iraqi President Saddam Husayn made up their minds in the last-minute to send their assistants to Casablanca.

Noted Arab leaders attending the meeting are King Husayn of Jordan, Chairman of the Palestine Liberation Organization Yasier 'Arafat and King of Morocco Hassan II who sponsored the meeting aimed at resolving differences inside the Arab world.

The two-day summit is expected to discuss a Jordanian-Palestinian accord, the return of Egypt to the Arab League, and the five-year-old Iran-Iraq war. Arab diplomatic sources said they expect no tangible results from the meeting because some of the attendants fear they will enrage the boycotting countries by taking decision on such controversial issues as a total endorsement of the Jordanian-Palestinian accord.

King Husayn and 'Arafat signed the accord this February in Amman, which envisages a joint Jordanian-Palestinian team to negotiate with the United States and possible with Israel on establishing a Palestinian state in Israeli-occupied West Bank and Gaza Strip confederated with Jordan. Syria has charged the accord as a surrender one and tried to deal a blow at Yasi 'Arafat by supporting Lebanese Shiite Moslem soldiers to attack Palestinian refugee camps around Beirut.

Some Arab sources predicted that the Casablanca summit will prepare the ground for an ordinary summit to be held in Riyadh, Saudi Arabia, in November this year. They hoped that the Arab cause will overcome difficulties and advance step by step.

COMMENTARY VIEWS 'BRUTAL SUPPRESSION' IN RSA

OWO71208 Beijing XINHUA in English 1147 GMT 7 Aug 85

["Commentary: Suppression Cannot Stop South African Blacks Anti-Apartheid Struggle" (by Chen Guowei and Zue Lin) -- XINHUA headline]

[Text] Gaborone, August 7 (XINHUA) -- Brutal suppression can only arouse more intense resistance from the South African blacks, showing that the "constitutional reform" in South Africa has ended in failure. This has been borne out by the unrest in the past 18 months in South Africa, especially after the declaration of the "state of emergency" on July 21.



Since the imposition of the state of emergency in 36 cities and towns, 24 blacks have been killed and 1,426 others arrested of those detainees, 60 percent are below 25 years of age. However, tens of thousands of students, including students of two universities in Natal Province staged strikes in protest against the declaration of the state of emergency.

In September last year, the South African regime adopted a so-called new Constitution and installed the three-chamber parliament to deprive the blacks of their right to vote in the country. The blacks account for 73 percent of the population in South Africa. This triggered off a wave of protests throughout South Africa by the black majority. Six hundred thousand students refused to go to school and trade unions organized workers to strike. Disturbances followed. Blacks clashed with policemen who came to suppress them. They stoned to death a deputy mayor at Sharpeville who had shot students, and punished black officials serving the government. In November, workers in Transvaal Province staged a two-day strike, hitting hard at the production in this industrial heartland of South Africa. Afterwards unrest spread to the eastern cape, one of the centers fighting against apartheid.

At Uitenhage of the eastern cape on March 21 this year, policemen opened fire at thousands of blacks who attended a funeral march. The massacre had caused the black masses attacking black officials and policemen and their families. This struggle has spread to black townships all over the country.

In the year before the state of emergency was declared, unrest broke out almost every day. In the past 18 months, over 500 people have been killed. The paper FINANCIAL MAIL said only five out of the 32 black district administrative offices are functioning. These offices were set up as one of the important measures under the constitutional reform. Since last September, 240 black officials including 27 mayors and heads of townships have been sacked and some black officials as well as 400 black policemen have fled with their family members to seek refuge in the white areas.

In 1960 when a state of emergency was declared, the South African authorities empowered senior police officers to make whatever searches and arrests they deemed necessary. They outlawed the African National Congress and Pan-Africanist Congress of Azania because they fought to abrogate specific acts such as "the pass law" imposed on the blacks by the Pretoria regime. At that time, most of the demonstrations were peaceful and non-violent. However, the blacks now are fighting to topple the apartheid regime and to establish a new South Africa upholding the cause of equality, freedom and justice. They not only resort to sit-ins and peaceful demonstrations but also employ violence including home-made petrol bombs to defend themselves against police attacks. The blacks have become more united in struggles against apartheid. More and more students have joined the anti-apartheid movement.

A black woman is right when she said that suppression could create silence at one time, but "the greater the silence, the greater the pent-up fury." The paper SUNDAY STAR in a recent survey said the public believed that the unrest in South Africa will not end till the majority of blacks have regained their political rights in the country.

YANG DEZHI WRITES HONGQI ARTICLE ON ARMY REFORM

HK080557 Beijing HONGQI in Chinese No 15, 1 Aug 85 pp 3-7

[Article by Yang Dezhi: "A Strategic Decision on Strengthening the Building of Our Army in the New Period"]

[Text] Our PLA has had a brilliant fighting history of 58 years and is now firmly advancing along the course of revolutionalization, modernization, and regularization.

Since the 3d Plenary Session of the 11th CPC Central Committee, and especially since Comrade Deng Xiaoping began to take charge of the work of the Central Military Commission, our Army has achieved remarkable results in its development. We have markedly improved the Army's political and military quality and have continuously modernized our weapons and equipment. We have made outstanding achievements in training dual-purpose talented people capable of both military and civilian work, in joining hands with civilian units in the building of spiritual civilization, and in participating in socialist construction. We have won major victories in defending the security of the motherland and defending the cause of modernization. The 12th CPC National Congress pointed out: "We must work hard to turn the People's Liberation Army into a regular, modern, and powerful revolutionary armed force and enhance its defense capabilities in modern warfare;" and "our Army should serve not only as a great wall of steel guarding our socialist motherland, but also as an important force in building our socialist material and spiritual civilizations." This is the struggle objective for our Army in the new period. Not long ago, the party central leadership and the Central Military Commission made a strategic decision on reforming the Army's structure and reducing the troops by 1 million people. This decision marked a strategic change in the guiding principle for our Army. It will raise our efforts to revolutionalize, modernize, and regularize our Army to a new level.

## I.

The strategic decision on reforming the Army's structure and reducing the troops is based on the actual international and domestic situation and on the realities of our Army. It was made after careful consideration and on the basis of correct analyses of various factors and current situations in all aspects concerned. The decision demonstrates the ideological principle of seeking truth from facts that is guiding our Army's development.

The danger of a world war still exists because of the contention between the two superpowers, which are intensifying their arms race. However, today's world is no longer a bipolar world. The two superpowers, which have the ability to launch a world-wide war, are both faced with their own difficulties. Their contention for world hegemony is extremely unpopular in the international community. Many Third World countries, including our country, do not want to see war. Most countries in the world do not want to see war, and even the Soviet people and the American people hate war. We are now taking the initiative to reduce our Armed Forces. This is a concrete action for opposing war and safeguarding peace. Our country is pursuing an independent diplomatic policy of peace, and our purpose is to strive for a peaceful international environment for our economic development. If our country becomes more prosperous and powerful, that will mean that the forces of peace will become stronger. The forces of peace and the forces of preventing war will continue to outshine the forces of war. It is possible that no world war will occur for a considerably long period of time, and we are hopeful of success in maintaining world peace.

At the same time, while maintaining sharp vigilance against war, we not only should, but also can, make full use of the favorable international environment and concentrate our efforts on promoting our economic construction. We will make our Army more streamlined, better trained and equipped, and stronger in combat capacity during this period.

Economic strength is the foundation of military strength. Army building must rely on the country's economic development and be commensurate with economic construction. Friedrich Engels pointed out: "The Army's organization and method of warfare, and with them victory or defeat, prove to be dependent on materials; that is, economic conditions." "Armaments, composition, organization, tactics, and strategies depend above all on the stage reached in production at any particular time as well as on communications." ("Selected Works of Marx and Engels," Vol 3, pp 210, 206) In accordance with the realities in China, Comrade Mao Zedong pointed out: "Only when economic construction develops at a faster pace can national defense construction make greater advances." Proceeding from the objective of the four modernizations, Comrade Deng Xiaoping has repeatedly stressed: The modernization of national defense can be achieved only when it is based on the development of the country's industry and agriculture as a whole. The state's economic construction is of overall importance and the Army should serve it and act within the framework of economic construction. This is the important guideline for our Army building. Structural reform and streamlining can lighten the economic burdens on the state, enhance the state's capability to carry out economic construction, speed up economic construction and ensure that the Army's modernization program can be carried out on a dependable foundation. If the state's economic construction is ignored in carrying out Army building, this will hinder the state's economic construction and cause the Army's modernization program to be like water without a source or a tree without roots and Army building will only end in "more haste, less speed."

Structural reform and streamlining are also necessary for strengthening the building of the Army itself. Experience tells us that to vitalize the Army, it is necessary to conduct reforms. Over the last few years, gratifying results have been achieved in the streamlining and reorganization which has been carried out on many occasions in the Army. However, judging from the present situation in the Army as a whole, the size and numbers of the troops are a bit too large, the establishment of the Army is far from scientific and rational, there are too many administrative levels in the Army leadership, high-level offices are redundant but work efficiency is low, interaction between the various services is insufficient, and the number of cadres and administrative and logistics personnel is larger than it should be. All these factors have directly or indirectly hindered our Army's modernization program. To ensure that our Army building suits the requirements of modern warfare, continuously modernizes itself, and ceaselessly enhances its combat effectiveness, it is necessary to unswervingly take the road of reform and to seek simpler administration.

Structural reform and streamlining are positive principles for strengthening our Army building. Their aim is to solve problems once and for all proceeding from the overall situation of Army building. Their main points are streamlining administration; readjusting, eliminating, or merging administrative organs; reducing the number of administrative levels in the leadership; developing good working ties; phasing out outdated and backward equipment; merging logistics and supply units; reducing the number of organizations, cadres, deputies, and various logistics personnel; readjusting composition ratios; and strengthening weak links and the interaction between the various services.



Through reform and streamlining, we must ensure that our Army becomes a modern, regular, revolutionary Army with Chinese characteristics; an Army with simpler administration, high flexibility in conducting operations, better equipment and training, quick response capabilities, high efficiency, and combat effectiveness; and an Army with combined branches.

The modernization of weaponry is an important indicator of Army modernization. If an Army does not have modern weapons, it cannot become a modern Army. In recent years our Army's weapons have been improved to some extent, but the level of modernization is still relatively low and there is still a widegap compared with the requirements of modern warfare. Fundamentally speaking, we should rely on the development of the national economy and science and technology to change the backwardness of our weaponry. At present China's economy is still relatively backward. The state should concentrate human, financial, and material resources on economic construction. Therefore, it is not in a position to put more money into the development of national defense. Via reform and streamlining, we should cut the number of our soldiers, eliminate obsolete and backward equipment, reduce expenses for food, clothing, and daily expenses of personnel as well as for the maintenance of equipment. We should spend more money on the development of urgently needed weapons in order to speed up the modernization process of our Army's weaponry.

Developing modern military personnel is an important aspect of Army modernization. The key to Army modernization lies in capable people. Today, when science and technology are developing at full speed, people's political consciousness and the spirit of sacrifices are still very important. Moreover, we should attach great importance to people's grasp of knowledge, culture, and technical skills. If we do not have people who have a good grasp of modern science, culture, and technical skills, it will be impossible to bring into full play the power of modern weapons. Therefore, it is imperative to improve the military and political quality of our officers and men, particularly our cadres. Comrade Deng Xiaoping attaches great importance to the cultivation of modern military personnel. When talking about the reform of the Army structure at a forum of the Central Military Commission in 1982, he pointed out: "Structural reform will make it possible for us to select more capable people for promotion -- this is one of its important features." ("Selected Works of Deng Xiaoping," p 365) In the past, organizational overlapping and overstaffing could easily breed bureaucratism and made it quite difficult for us to identify, train, and select capable people for promotion. The structural reform and the work of streamlining and reorganizing the Army will make it possible for us to improve the composition of cadres at various levels and in establishments and departments; to identify, select for promotion, and use capable people to improve the intellectual structure and quality of cadres; and to speed up the process of making the ranks of cadres more revolutionary, younger in average age, better educated, and more professionally competent.

Establishing a scientific and rational structural establishment is likewise an important aspect of Army modernization. The structural establishment must be suited to the development of weapons, strategy, and tactics. Although our Army has conducted streamlining and reorganization on several occasions, there are still a lot of defects in the existing structural establishment. It is not completely scientific and rational, is unfavorable to Army modernization, and cannot fully meet the requirements of modern warfare. In the current structural reform, streamlining, and reorganization, we should change the situation characterized by overstaffed organizations and by an irrational structural establishment, and should improve the work efficiency and command capabilities of organs at all levels.



Moreover, in line with the weapons structure of our Army and its developmental trends, and in accordance with the characteristics of modern warfare, through the structural establishment we should improve the combination of various branches so that they can be genuinely and organically combined in various aspects such as military training, operational command, and administration. This will make it possible to conduct composite training in peacetime and to bring into full play the power of integrated operation by various arms in wartime.

Will the combat effectiveness of our Army be weakened by cutting the Army by 1 million men? We can definitely reply that it will not weaken but will surely and fundamentally enhance the combat effectiveness of our Army.

The combat strength of an army is not determined by the number of troops, but by the quality of its commanders and fighters, the quality of its arms, and the degrees of rationality of its systems and foundation. Hand-picked troops can win. This is a rule which has long been proved by the war history of China and the world. It is even more applicable given modernized military equipment. During the period of the anti-Japanese war, we pursued the policy of better troops and simpler administration with the aim of lightening the people's burden. By reducing the number of combatants and raising the combat strength of the troops, we managed to win the war quickly. When summing up this experience later, Comrade Mao Zedong said: "Troops are valued for their quality, not their number. This will continue to be one of the principles to be followed in army building in the future." ("Selected Works of Mao Zedong," p 1120) Comrade Deng Xiaoping has upheld and carried forward this principle in the new historical period. Back in 1975, in view of the circumstance that the Army had been terribly overexpanded due to the interference by Lin Biao and the "gang of four," Comrade Deng Xiaoping pointed out sharply: "An overexpanded and inefficient army is not combat-worthy." ("Selected Works of Deng Xiaoping," p 1) He suggested that the Army needed to be consolidated, purged of redundant personnel, and undergo a reform of its systems and foundation. Later, he repeatedly emphasized that the Army had to reduce its size and raise its combat strength. Modern wars usually break out abruptly and cause tremendous destruction, the battlefields always cover a large area, and the situation changes fast. An overexpanded army which cannot move swiftly will always suffer heavy losses in a war. Therefore, many countries have tried to raise their armies' combat strength by reducing their size, grouping different branches of the services in joint operation, and improving their arms and equipment, instead of insisting on increasing the number of troops.

The scientific structure and foundation of an army can raise its combat strength. This is an idea which has been accepted by more and more people. The combat strength of two Armies with equal size, combatants of the same quality, and the same arms and equipment may vary due to differences in their organizational form, structure, and foundation. With a good organizational form and a reasonable structure and foundation, an army can give the utmost play to its combatants and arms and thus raise its overall combat strength. Engels quoted an example on cavalry warfare cited by Napoleon to show the importance of a sound structure. The Mameluke troops had better horses, their horsemanship and swordsmanship were superior, and they were skillful in grappling. They were superior to the French troops if compared individually. However, the French troops were under centralized and unified command, had a strong collective fighting spirit, were highly disciplined, and could closely cooperate.

Therefore, in battle, they could defeat the Mameluke troops which surpassed them in number. ("Collected Works of Marx and Engels," Vol 14, p 320) Under the circumstances of modern warfare, the practice of scientific organization of an army and the strengthening of centralized and unified command is of great importance to raising the army's combat strength. By integrating reform with streamlining and simplification of administration, and by rationalizing the structure and foundation, our Army will make great progress in streamlining, consolidating different branches of the services in joint operation, integrating peacetime training with wartime situations, and raising the combat effectiveness.

In the final analysis, whether the structural reform, streamlining, and reorganization of the Army are successful must be evaluated based on whether the Army's combat strength is raised. In light of the principal content and goal of the current process of structural reform, streamlining, and reorganization, one can easily find that both streamlining and reform are focusing on the fundamental purpose of raising combat strength. Doing a good job in reforming and streamlining and building a small but capable standing Army, we will surely be able to further increase our Army's combat strength. At the same time, we must also pay attention to the building of reserve forces. By doing so we will not only be able to deal with local events and eventualities but will also be able to expand the Army rapidly in case of war and win victory in the war against aggression.

### III.

Army structural reform, streamlining, and reorganization are a major reform move in our Army's history. In this reform, the situation is complicated and the tasks are arduous. Keeping the overall situation in mind, we should do our work in various fields well so as to guarantee the successful completion of the tasks in Army structural reform and in force reduction and reorganization.

We should have unanimity of understanding. This is an important guarantee for completing the tasks in Army structural reform and in streamlining. We should seriously study and understand the instructions of the CPC Central Committee and the Central Military Commission on Army structural reform, force reduction, and reorganization, as well as the spirit of the enlarged meeting recently held by the Central Military Commission, so that we can reach unanimity of ideological understanding on the basis of the policies of the CPC Central Committee and the Central Military Commission. Reform is a revolution. In instituting Army structural reform, we should not stick to old conventions. We should further emancipate our minds, break away from old habits, old ideas, and old concepts which are not suited to the building of the Army, carry out Army structural reform well, take account of the overall situation, pursue the policy on force reduction, strengthen our confidence about Army structural reform and streamlining, and change the policies of the CPC Central Committee and the Central Military Commission into conscious actions.

We should strengthen centralized, unified leadership. Without centralized, unified leadership, it is impossible to complete the tasks in Army structural reform and in streamlining and reorganization. Structural and system reforms, structural readjustment, and streamlining, all of which have an important bearing on the overall situation, should be decided by the CPC Central Committee and the Central Military Commission and should be carried out step by step according to unified plans and requirements.

No one is allowed to do whatever he likes. Once the decision on the establishment for an Army unit is made, it must be resolutely implemented. The number of personnel in an Army unit must be strictly set according to the authorized strength, and no arrangement in excess of the authorized strength is allowed. While stressing the necessity for strengthening centralized, unified leadership, we should simultaneously bring into play the initiative and creativity of commanders and fighters in Army structural reform as well in streamlining. We should combine these two so as to enable everyone in the Army to support and concern himself with Army structural reform. Various types of ideological and practical problems will arise in the course of this extensive and profound reform. We should strengthen ideological, political, administrative, and educational work with a specific purpose in mind so as to maintain the stability of the Army, to constantly exercise command over it, and to guarantee the fulfillment of various tasks.

We should take the overall situation into account, strengthen party spirit, and observe discipline. Comrade Mao Zedong said: "We should keep the overall situation in mind. Party members, local work, remarks, and actions must proceed from the interests of the entire party, and no violation of this principle is allowed." Army structural reform, streamlining and reorganization are subordinate to the overall situation in the country's economic construction as well as to the building of the Army. Ideological problems emerging in Army structural reform and in streamlining are actually problems concerning how to handle the relationships between overall, partial, and individual interests. Party members and revolutionary soldiers should be broadminded and have the noble character of daring to sacrifice partial or individual interests for overall interests. Something may seem good to one group, but if it is not suited to the overall situation, we should resolutely not do it. Another thing may not seem good to one group, but if it is beneficial to the overall situation, we should resolutely do it. In strengthening party spirit and observing discipline, we should unconditionally subordinate our local and partial interests to the overall interests. With regard to leading cadres, they should adhere to party spirit and be fair and should not seek personal gain while handling various problems, in particular the problem of cadres. They should decide which cadres to add, to retire, to dismiss, and to remain. The cadres concerned should resolutely follow the decision of the organization.

Our work must be done well. Comrade Deng Xiaoping has instructed us to "do more practical work and stop indulging in empty talk" and "put an end to the unhealthy practice of relying merely on issuing orders and indulging in idle talk." Structural reform, streamlining, and reorganization are closely related to policies and cover much ground. If we make a careless mistake in any specific step, it will affect the overall situation. We must earnestly do well the specific work concerning structural reform, reorganization, plans for each demobilized person, ideological and political work, administration, and management of the remaining branches, assets, and materials. Leading cadres at all levels should conscientiously improve their work styles and methods, go deep into the realities of life, conduct investigations and studies, have a generally good idea of the situation, and promptly and earnestly solve the problems that may occur at any time. In Army streamlining and reorganization, a great deal of work lies on the question of cadres. Solving this question well is the key to the success of Army streamlining and reorganization work. Of this, the work to resettle the demobilized cadres covers much ground and must be done well by relying on the concerted efforts of the party, government, and Army. The party and government have shown loving care for Army cadres.



The CPC Central Committee has recently instructed the local party organizations and governments to help resettle the demobilized cadres and staff members and solve other problems concerning Army streamlining and reorganization. Resettling each demobilized cadre well has a direct bearing on that cadre and his dependents and can also produce a great impact on the broad ranks of officers and men. The work in this respect must be done well with a sense of responsibility to Army building and cadres.

We firmly believe that the PLA, which is the people's Army and has a glorious revolutionary tradition, will be instilled with greater vitality and combat effectiveness through undergoing structural reform, streamlining, and reorganization and will make new contributions worthy to the great era in the sacred cause of defending the motherland and socialist construction and safeguarding world peace!

#### NAVY COMMANDER, COMMISSAR TO REMAIN IN POSTS

HK070033 Beijing ZHONGGUO XINWEN SHE in Chinese 0305 GMT 6 Aug 85

[Report: "Liu Huaqing Continues as Commander of the Chinese Navy"]

[Text] Beijing, 6 Aug (ZHONGGUO XINWEN SHE) -- The department concerned today confirmed to this ZHONGGUO XINWEN SHE reporter that the Central Military Commission recently reorganized the leading bodies of the Chinese Navy, with the result that Liu Huaqing continues as the commander of the Chinese Navy and Li Yaowen continues as its political commissar. The three departments under the PLA (namely the PLA General Political Department, the PLA General Staff Headquarters, and the PLA General Logistics Department), the Commission of Science, Technology, and Industry for National Defense; various branches; and various services have now smoothly reorganized their leading bodies.

It is reported that the members of the Navy's new leading bodies are competent and younger in average age. Many of them have served on board or in institutions and academies for a long time.

#### ZHANG AIPING ON WAR AGAINST JAPANESE AGGRESSION

HK071508 Beijing JINGJI RIBAO in Chinese 1 Aug 85 p 1

[Report by Li Hongbo and Tuo Zhen: "Comrade Zhang Aiping Talks to Our Reporters on Bringing Forward the Patriotic Spirit of the Entire Nation During the War of Resistance Against Japanese Aggression and on Making Common Efforts To Realize the Four Modernizations"]

[Text] On the eve of the 1 August Army Day, Zhang Aiping, minister of national defense, talked to our reporters on commemorating the 40th anniversary of the victory in the war of resistance against Japanese aggression and of the victory in the world antifascist war. He pointed out: Our purpose of commemorating the great victory in the war of resistance against Japanese aggression is to educate and encourage the troops and civilians throughout the country, to bring forward the patriotic spirit of the entire nation during the war of resistance against Japanese aggression, to unite as one, to carry out economic structural reform and Army reform, and to make common efforts to realize the four modernizations.

Forty years ago, Zhang Aiping participated in building base areas for waging the war of resistance against Japanese aggression in northern Jiangsu and north of the Huai He, and persisted in armed struggle in the enemy's rear. He said: Many press media throughout the country including JINGJI RIBAO have started publishing articles publicizing the 40th anniversary of the victory in the war of resistance against Japanese aggression and of the victory in the world antifascist war.

This is quite necessary. The war of resistance against Japanese aggression was a war of resistance of the entire nation based on the cooperation between the KMT and the CPC under the banner of the national united front initiated by the party against Japanese aggression. In the critical moment when the fate of the Chinese nation hung in the balance, the CPC, keeping the interests of the nation in mind, took the initiative in putting forward suggestions concerning the cooperation between the KMT and the CPC and their unity in the war of resistance against Japanese aggression. These suggestions were accepted by the KMT. This stimulated the patriotic feelings and fighting will of the people of various nationalities throughout the country, of democratic parties, organizations against Japanese aggression, Overseas Chinese, KMT officers and soldiers, and KMT government officials; helped form the broadest united front; and brought about a complete victory in the Chinese people's struggle against foreign aggression for the first time for over 100 years. This historical experience should be fully affirmed in our effort to realize the peaceful reunification of the motherland at an early date.

Zhang Aiping stressed: The CPC and the People's Army under its leadership played a decisive role in winning the victory in the war of resistance against Japanese aggression. Of course, the KMT also played an important role in the war after accepting the suggestions concerning KMT-CPC unity against Japanese aggression. He said: Our party reorganized the Red Army into a national revolutionary Army consisting of the 8 Route Army and the New 4th Army. They penetrated into the enemy's rear, established base areas against Japanese aggression, waged heroic armed struggle, and resisted most of the attacks by the Japanese troops and almost all of the attacks by the puppet troops. Without the CPC and the common struggle of troops and civilians under the leadership of the CPC against Japanese aggression, the victory of the 8-year war of resistance against Japanese aggression would not have been possible and the victory in the liberation war would not have been possible either, to say nothing of the founding of a socialist New China.

While referring to commemorating the victory won 40 years ago, Zhang Aiping said: In the 8-year war of resistance against Japanese aggression, troops and civilians in base areas throughout the country as well as the KMT troops who were engaged in frontal combat with the Japanese troops, made huge sacrifices. Today, we are commemorating and publicizing the heroic struggle of those who gave their lives in the war, their glorious deeds, and their immortal contributions to the country. This is profound education in patriotism for armymen and civilians throughout the country and for the vast number of youths in particular. He said: The better the economic situation and our life are, the more constantly we should bear in mind how we have fought for the happy life we are living today. We should not forget that once we were faced with national extinction. Publicizing this does not require much money. By using the old base areas against Japanese aggression and old houses in the battlefields during the war of resistance against Japanese aggression as commemoration sites, through exhibiting materials and pictures with explanations concerning the war of resistance against Japanese aggression, or by inviting veteran soldiers to relate their experiences in the war, we can carry out various forms of education in patriotism and revolutionary traditions for the purpose of encouraging armymen and civilians to build and defend the motherland, to invigorate the nation, and to realize the great targets set forth by the 12th CPC National Congress.

Zhang Aiping added: China's war of resistance against Japanese aggression was an important component of the world antifascist war and the Chinese Army and people will never forget the contributions made by the antifascist allied nations to winning the victory in the antifascist war.

Zhang Aiping concluded: We are reviewing and exposing the aggressive crimes of the fascists, and of the Japanese fascist militarists in particular, which brought grave disasters to both the Chinese and Japanese people. We are also reviewing and exposing foreign aggressions and plunderings which the Chinese nation suffered for over 100 years. Our purpose in doing this is to promote the friendly cooperation between the Chinese and Japanese people and between the people of various countries, as well as to safeguard world peace. We fought against Japanese fascist aggression, but this does not mean that we are against the Japanese people and the present Japanese Government. However, if any country or government pursues a hegemonist, aggressive, and expansionist policy in the world today, we will resolutely oppose it together with all peace-loving people in the world.

CIRCULAR ON CADRES SHIELDING RELATIVES' CRIMES

OW072112 Beijing XINHUA Domestic Service in Chinese 1238 GMT 6 Aug 85

["Text" of CPC Central Discipline Inspection Commission circular on party disciplinary and legal actions taken against a number of leading cadres in Heilongjiang Province's Beian City for conniving at and covering up crimes committed by their children]

[Text] Beijing, 6 Aug (XINHUA) -- After the criminal case involving three hooligan gangs in Heilongjiang Province's Beian City was exposed, leading comrades of the CPC Central Committee and Central Discipline Inspection Commission gave written instructions that the case be investigated and dealt with seriously. The Heilongjiang Provincial CPC Committee immediately formed a strong task force composed of cadres transferred from provincial, prefectural, and city discipline inspection commissions as well as public security, procuratorate, and judicial departments. After 16 months of hard work, it discovered the truth about their crimes and has taken stern actions against the criminal elements and cadres involved in accordance with party discipline and the law.

The three hooligan gangs in Beian City were formed with children of the city's leading party and government cadres as key members. More than 60 persons took part in criminal activities; the crimes of 36 of them have been determined. Since 1979 these criminal elements had committed 139 cases of raping, gang raping and seducing women. Their evil acts seriously harmed their victims' physical and mental health, disrupted social order, corrupted social atmosphere, and became a scourge of the city. In light of their proven crimes and with the approval of the Heilongjiang Provincial Higher People's Court, on 28 December 1984, Gu Yingjun and four others were sentenced to death; Sun Jingshen and three others were sentenced to death with reprieves; Ren Chunda was sentenced to life imprisonment; and 26 others were sentenced to prison terms, in accordance with the law.

Twenty-four members of the three hooligan gangs were children of the city's cadres. Among them, 4 were departmental level cadres, 9 were sectional level cadres, and 11 were ordinary cadres. Regarding the question of these cadres holding party membership, the provincial party committee and Discipline Inspection Commission took serious actions according to the nature of their cases after verifying the evidence.



Ren Jinglong, vice chairman of the Standing Committee of the Beian City People's Congress, concealed what he knew about the crimes committed by his son, Ren Chunda, and covered them up. After the struggle against serious crimes began, as a deputy director of the office in charge of the struggle, he failed to report the problem to the party organization. Worse still, fearful that the victims might expose the crimes, he went to the victims' families pretending to comfort the victims but actually to find out what they intended to do. Afterward, he continued to conceal the fact from the party organization. The provincial party committee has decided to expel him from the party and suggested that he be removed from his post as vice chairman of the Standing Committee of the city People's Congress. The judicial organ is currently affixing his criminal responsibility. Gu Guodong, chairman of the Beian City CPPCC Committee, failed to discipline his son, Gu Yingjun, and tried to shield him by driving out a young woman who called on him to expose his son's crime. The provincial Discipline Inspection Commission has decided to expel Gu Guoliang from the party and suggested that he be removed from his post as chairman of the city CPPCC Committee. Liu Qingtian, section chief of the city Public Security Bureau, failed to take serious actions after he learned of his son's unethical conduct toward women, harmful behavior against other people, as well as other indecent behavior. His failure caused serious consequences. The Beian City CPC Committee has decided to give him a disciplinary warning. The other 21 cadres were also responsible for their lack of discipline to their children. The Beian City CPC Committee enjoined them to make serious self-criticisms and gave them stern criticism and education.

The Heilongjiang CPC Committee and the Heihe Prefectural CPC Committee have reorganized the leading body of the Beian City CPC Committee. Using it as a typical case, the provincial party committee has carried out education among all cadres with party membership to enhance their sense of party discipline and law and raise their party spirit and consciousness.

[Signed] The Central Discipline Inspection Commission 3 August 1985

SHENZHEN INVESTIGATES ILLEGAL CURRENCY EXCHANGE

HK071215 Beijing RENMIN RIBAO Overseas Edition in Chinese 5 Aug 85 p 1

[ZHONGGUO XINWEN SHE report: "Shenzhen Investigates Illegal Foreign Exchange Transactions Involving Hainan"]

[Text] Shenzhen, 4 Aug (ZHONGGUO XINWEN SHE) -- Our staff reporters have recently learned that Shenzhen City leading organs have drawn a lesson from Hainan's serious incident of reselling automobiles for profit and conscientiously investigated the problem of illegal foreign exchange transactions in its special economic zone. It has thus taken steps to intensify its control.

According to the initial statistics, since the first half of last year, Shenzhen has remitted \$94.27 million to Hainan Island, of which over \$42 million was for the purchase of automobiles and color television sets. Since the Hainan automobile incident was exposed, over \$10 million of commodities have been frozen by the city. Initial statistics show that foreign exchange worth \$34.25 million has been illegally sold to Hainan Island at an unlawful profit of 7 million yuan renminbi. Shenzhen City is dealing with the units that have conducted the illegal foreign exchange transactions.

By 30 July, the Shenzhen City Discipline Inspection Commission has investigated and handled, together with relevant departments, the clues to a total of 70 economic cases, of which 37 cases, including 17 major ones, have already placed on file for investigation and prosecution; 6 cases have been concluded.

These cases have the following characteristics: 1) The offenders are mostly cadres who have recently been transferred into the special zone; 2) most of the units involved are enterprises linked with the hinterlands, 3) most of these units have weak leadership and are poorly organized; and 4) the private interests of individuals and small groups have been pursued under the excuse of "enlivening the economy" and "earning money for the collectives."

In order to draw on the experience and lessons from these cases, Shenzhen City has called on the leading groups at various levels to refrain from pursuing only the interests of their units at the expense of the interests of the whole. It has put forth the task of continuing to teach cadres to understand the nature, tasks, functions and strategic role of the special zones, strengthening economic supervision, and consolidating enterprises linked with the hinterlands.

#### STATE COUNCIL BANS ILLEGAL MARINE FUELING STATIONS

OW071403 Beijing XINHUA Domestic Service in Chinese 0834 GMT 5 Aug 85

[Text] Beijing, 5 Aug (XINHUA) -- The State Council General Office issued a circular on 17 July attached to its transmittal of the "Request for Instructions on Stopping Speculation on Foreign Exchange Through Setting Up Marine Fueling Stations Along the Coastal Areas" submitted by the China Petrochemical Corporation and the Ministry of Foreign Economic Relations and Trade [MFERT].

The circular points out: Petroleum and petroleum products are major production means and export goods, and must be brought under tight, centralized control. The speculation on foreign exchange carried out by some coastal units in Guangdong Province and Guangxi Zhuang Autonomous Region through the establishment of marine fueling stations not only has caused the state economic losses, but has also affected normal petroleum business in the Hong Kong-Macao region, and it must therefore be stopped with resolute measures. The circular urges the people's governments of Guangdong and Guangxi to organize concerned units to investigate the matter, and to study and implement the measures put forward by the corporation and the MFERT.

The corporation and MFERT say in their request for instructions: The speculation on foreign exchange carried out by some units and lawless businessmen through the establishment of marine fueling stations has become very conspicuous since early last year. Among those who try to reap windfall profits by establishing marine fueling stations are commercial and aquatic products enterprises, some enterprises jointly operated by the special economic zones and the interior areas, marine fueling service companies, and rural enterprises. The number of such fueling stations has now exceeded 20. Not only do they sell fuel to fishing boats, they also sell fuel to freighters. Most of the oil comes from large and small oil refineries in a dozen or so provinces and autonomous regions, which are not covered by state plans and are allowed to be sold at negotiated prices. Some of the oil comes from aquatic products, transport and shipping departments, which get their oil from the state at listed prices and resell it at high profits. These oil dealers openly quote prices in Hong Kong dollars, in foreign exchange coupons, and in renminbi, and compete with each other for sales by dropping the prices. Last year they caused the state losses amounting to over U.S. \$5 million. At present such illegal activities are still spreading. The operation of some fueling stations has shifted from small boats to oil tankers. The products they sell range from diesel fuel for fishing boats to kerosene. Through resale by lawless businessmen, such illegal activities have spread to inland areas from the sea, and the volume of foreign exchange transactions has become increasingly larger.

In their request for instructions, the corporation and the MFERT propose that effective measures be taken to ban the unlawful activities. Their measures include:

1. Tightening controls. In the future, only units affiliated with China Petrochemical Corporation, or units conducting joint operations with marketing companies, are authorized to operate marine fueling stations. The China Ship-Fueling Company will only be authorized to sell oil to ocean-going ships. No other units could be authorized to provide marine fueling services. Units authorized to conduct business must tighten their controls, improve their management, and close the loopholes. They must, in particular, take measures to prevent the resale of oil at negotiated prices when the oil has been purchased from the state at listed prices. The State Administration of Industry and Commerce must follow this guideline and investigate the marine fueling stations established offshore of Guangdong and Guangxi, and firmly ban all those failing to meet the stated requirements. Those who do meet the requirements must register and obtain a license to operate.
2. While the current measures will still be followed in selling listed-price oil to fishermen who have double household registration and who live along coastal Guangdong, high-priced oil must be paid in foreign currency, and all receipts should be turned over to the Bank of China in exchange for renminbi. Aquatic products and oil supply departments should develop measures to supply oil to fishermen and transport and shipping businesses in inland areas (which should be distinguished from ships providing inland and foreign shipping services), ensuring that no oil can be smuggled out.
3. Prices of oil for refueling fishing boats operating on the sea should be controlled by a department designated by the China Petrochemical Corporation. In principle, all marine fueling stations should set prices on the basis of the prices quoted on the Hong Kong-Macao market, and the prices should be announced daily by local oil companies. The China National Chemicals Import and Export Corporation should coordinate the prices of oil sales on the Hong Kong-Macao market and oil sales at negotiated prices to fishing boats operating on the sea. No unit is allowed to compete for sales by reducing prices.
4. The State Administration of Industry and Commerce must tighten its supervision and inspection of the marine fueling stations, and customs authorities must intensify their antismuggling operation.

DISCIPLINE COMMISSION FORUM ON FAKE MEDICINE CASE

OW071213 Beijing XINHUA Domestic Service in Chinese 0814 GMT 4 Aug 85

[Test] Beijing, 4 Aug (XINHUA) -- The Standing Committee of the Central Discipline Inspection Commission [CDIC] received briefings from the Fujian Provincial CPC Committee and the Provincial Discipline Inspection Commission on 27 July and again on 31 July in connection with the investigation and handling of the fake medicine case in Jinjiang, and held a forum on this issue. The CDIC pointed out: Under the leadership of the Fujian Provincial CPC Committee and in accordance with the guidelines of the CDIC's "open letter," departments concerned have done a large amount of work on the case. However, what has been done is still far from what was expected by the CDIC in its open letter. For example, some leading cadres lack sufficient understanding of the nature, seriousness, and harmfulness of the manufacturing and selling of fake medicine; the responsibility for the case has not been duly investigated and affixed; and a number of major questions have not been answered. All this should be taken very seriously.

The CDIC says: Lawless elements who participated in the manufacture and sale of fake medicines must be severely and promptly punished in accordance with the law.



Those responsible for the acts should be duly removed from their offices, expelled from the party and dealt with according to law. Their actions must not be condoned nor tolerated. The manufacture and sale of fake medicines in Jinjiang Prefecture had been going on for 3 years. Why did the prefecture party committee and the leading party group of the prefectural administrative office take no action during this long period? Firm action must be taken to investigate and determine the responsibilities of the relevant party organizations and leaders in accordance with the demands of the open letter.

The CDIC pointed out: To ensure a thorough investigation of the case, party committees at various levels in Fujian Province and Jinjiang Prefecture must increase their understanding of the fake medicine issue in their guiding ideology. Fake medicine is what it is, fake medicine. All other explanations are attempts to absolve oneself from blame. The manufacturing or sale of fake medicines is an act contrary to social ethics, harmful to the people's lives and health, and a danger to the country and the nation. It runs counter to the policy of reforming our economic structure, opening our country to the outside world, and enlivening our national economy. We must, therefore, proceed from the plane of building a material and spiritual civilization to seriously examine our guiding thinking in management, draw lessons from it, and take steps to ensure that work in various fields in Jinjiang Prefecture will advance with a socialist orientation.

The CDIC said: As a party discipline inspection cadre, Lin Huabu, member of the Standing Committee of the Jinjiang County CPC Committee and secretary of the county Discipline Inspection Commission, went so far as to participate in the manufacture and sale of fake medicines to seek profits. He has lost party spirit, and his problem is very serious. It has been decided to remove him from his office immediately. Further actions will be taken against him after his problems are made clear following an investigation.

#### GUANGMING RIBAO ON NEED FOR COURAGE, INSIGHT

HK070701 Beijing GUANGMING RIBAO in Chinese 31 Jul 85 p 1

[Commentator's article: "It Is Necessary To Train Large Numbers of Cadres With Courage and Insight"]

[Text] Our country is undergoing a major historic change, and our people are engaged in a brand-new cause of socialist modernization. In such an era, our great cause urgently needs large numbers of capable people with courage and insight.

What is courage? Courage is the quality of mind or spirit that makes people press forward indomitably and vigorously to strive for communism, socialism, and the interests of the people. With this indomitable spirit, people will be courageous enough to throw themselves into the torrent of reform and pioneer the new cause by overcoming one difficulty after another. They will dare to support what is right and criticize what is wrong and will dare to check activities which violate law and discipline. They will never waver before difficulties and resistances. The fearless spirit comes from people's selfless mentality. If a person is entangled in a web of selfish calculations, if he fears to be criticized or fears to lose his position, he will never be able to have courage and the fearless spirit.

People may be bold for two different reasons. Some people are bold and courageous in the struggle for the cause of the party and the people, and they are needed by the people; but other people are bold and presumptuous in seeking selfish gains for themselves, and they dare to do anything against law and discipline in order to pursue selfish gains. The second kind of boldness must be resolutely checked.

What is insight? Insight refers to people's knowledge and ability to understand things deeply. So it is a kind of capacity of reasoning. People with insight should, first, keep the correct bearings for advance and never lose their socialist orientation at any time -- whether in times of success or difficulty. Second, they should have scientific knowledge. At present, all branches of science are rapidly developing. Only by seriously studying and really mastering science and management knowledge for socialist modernization can we keep pace with the development of the times and fulfill the great task of modernization. Third, they should have a thorough understanding of things in reality, which include the actual conditions of work and the actual thoughts in people's minds. Our work should proceed from the realities and should be based on the realities. Only by going deep to the grass-roots units and the masses and making investigations and studies can we have a knowledge of the actual conditions and can we gain real knowledge and deep insight so as to make pertinent remarks and take effective measures in our work.

The era of reform and the new cause will certainly give rise to a large number of people with courage and insight. There will be such new people in all walks of life. They are the symbol of our flourishing and continuously advancing cause.

LI XIANNIAN, OTHERS HONOR LATE ZHOU CHUNQUAN

OW080503 Beijing XINHUA Domestic Service in Chinese 1453 GMT 7 Aug 85

[Excerpt] Beijing, 7 Aug (XINHUA) -- Zhou Chunquan, first deputy director of the former Armed Strength Inspection Department of the Chinese PLA, failed to respond to medical treatment and died in Beijing on 28 July 1985 at the age of 80.

In keeping with the will of Comrade Zhou Chunquan and his family, the funeral was simple, and there was no memorial service and ceremony to pay last respects to his remains. Comrade Zhou Chunquan's remains were cremated on 7 August. His ashes will be scattered over the places where he had worked.

Wreaths were sent by the General Staff Department, the General Political Department, and the General Logistics Department of the PLA, the Wuhan Military Region, the Hubei Provincial CPC Committee, the Hubei Provincial People's Government, the provincial Military District, the Hongan County CPC Committee, the county government, and the county People's Armed Forces Department.

Li Xiannian, Xu Xiangqian, Yu Qiuli, Huang Kecheng, Han Xianchu, Hong Xuezhi, Chen Zaidao, and others visited Zhou Chunquan at the hospital when he was in critical condition.

Li Xiannian, Peng Zhen, Xu Xiangqian, Wang Zhen, Wei Guoqing, Yang Dezhi, Yu Qiuli, Qin Jiwei, Xu Shiyong, Xiao Ke, Cheng Zihua, Huang Kecheng, Han Xianchu, Zhang Jingfu, Yang Chengwu, Xiao Hua, Chen Zaidao, and Liu Bochong extended their condolences and comforts to Zhou Chunquan's family after he died.

NATIONAL SCIENTIFIC REFORM MEETING HELD IN HEBEI

SK060321 Shijiazhuang HEBEI RIBAO in Chinese 9 Jul 85 p 1

[Excerpts] In order to exchange experiences and deepen the development of the scientific and technological structural reform, the State Science and Technology Commission held a meeting in Shijiazhuang City from 4 to 6 July with the participation of liaison men in charge of the scientific and technological structural reform in various provinces, autonomous regions, municipalities, and cities with independent plans.

The meeting's participants exchanged situations and experiences, and discussed related policies on the reform of the scientific and technological structure.

Teng Teng, vice minister of the State Scientific and Technological Commission, presided over and addressed the meeting. He said: The reform of the scientific and technological structure has developed very quickly across the country, and more and more people have understood the strategic position and role of science and technology. This is a good situation never seen before on the scientific and technological front. Scientific and technological commissions at all levels should work hard, make concerted efforts with other pertinent departments, promote the reform of scientific and technological structure in a down-to-earth manner, and strive to achieve results in this regard.

TAX DEPARTMENTS LAUNCH 'CRACKDOWN' ON EVADERS

OW071912 Beijing XINHUA in English 1900 GMT 7 Aug 85

[Text] Beijing, August 7 (XINHUA) -- China's tax revenue amounted to 84.8 billion yuan in the first six months of this year -- 56 percent of the planned annual total, a Finance Ministry official announced here today.

Jin Xin, the ministry's taxation director, told a meeting that the half-yearly revenue was 19 percent up on the same period last year. The State Council has instructed tax departments to collect an extra 12 billion yuan this year to cover spending, he told the national taxation meeting which closed here today.

Although many local authorities had improved tax inspection, evasion of payment was still a 'severe' problem involving quite a number of businesses.

Jin said tax departments would launch a national crackdown on tax evaders this month. Offenders would be punished. The director called for improvements in the management of tax departments, and said steps should be taken to ensure all taxes were paid.



NANJING MILITARY LEADERS ATTEND STUDY SESSION

OW071215 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 5 Aug 85

[Text] Nanjing Military Region CPC Committee yesterday earnestly studied the circular issued by the CPC Central Committee and the State Council on respecting and cherishing the Army and actively supporting Army reform and Army building. It expressed its determination to respond to the solicitude and expectation of the CPC Central Committee and the State Council with actual deeds. Those members of the party committee attending the study session unanimously said: The circular issued by the CPC Central Committee and the State Council is an extremely important historic document which reaffirms the role of the Army in developing the four modernizations program, points out the principle and requirements in doing the work of supporting the Army and giving preferential treatment to military dependents and of supporting the government and cherishing the people, and fully reflects the solicitude of the party and the government for our Army building. It is of great significance in further strengthening unity between the Army and the government and between the Army and the people and in doing a good job in Army reform and Army building.

During the study session, Xiang Shouzhi and Fu Kuiqing reiterated: In order to straighten out the guiding ideology in carrying out Army reform and Army building during the new period, the most important thing is to do a good job in reforming the Army system and in streamlining and readjusting the Army and to promote education among all the PLA units in the military region on supporting the government and cherishing the people.

SHANDONG'S LIANG BUTING SPEAKS ON RECTIFICATION

SK072359 Jinan Shandong Provincial Service in Mandarin 2300 GMT 6 Aug 85

[Text] The provincial CPC Committee held a party rectification work forum in Jiaonan County from 3 to 6 August with the participation of responsible personnel of various cities, prefectures, and counties throughout the province. At the forum Liang Buting, secretary of the provincial CPC Committee, delivered a speech in which he cited the following four opinions on the issue of how to deepen the party rectification drive:

1. Efforts should be made to further define the guiding ideology of party rectification work and to correctly deal with the relationship between the party rectification drive and the program of conducting reforms.

Liang Buting pointed out: If we are divorced from the central task of conducting reforms and economic construction in launching the party rectification drive, we will be unable to effectively upgrade the ideological and working standards of cadres and the broad masses of party members at all levels, and unable to truly fulfill the target of having the drive promote the programs of conducting reforms and economic construction. Meanwhile, in conducting reforms, we will deviate from the reform program and fail to fulfill the program of socialist modernization if we fail to first integrate the guiding ideology with the central decision on transformation, to eliminate leftist thinking, to foster good party style and strong party spirit, to conduct powerful ideological and political work, to strictly enforce discipline, and to bring into play the combat-fighting role of party organizations.

2. Efforts should be made to firmly bear in mind the actual situation and to deeply conduct education on party spirit.

Liang Buting pointed out: At present some party members have forgotten the grand target of communism. So they only stress practical benefits, but not ideals. They only pay attention to immediate, partial, and individual interests and are motivated solely by money. A number of party members and leading cadres have a dim sense of establishing ties with the masses and even forget the fundamental purpose of serving the people. They show no concern for the weal and woe of the masses and have committed serious bureaucracy. Some have encroached on the interests of the masses by seeking personal gain by taking advantage of power. Some have even embezzled or stolen public funds, engaged in speculation and profiteering by violating the law and discipline, and have scolded or beaten up the masses. Some party members do not possess a sense of discipline and organization and some have reported only the good news and not the bad by practicing fraud in order to strive for fame and gain. All of these ideas, work style, and acts have seriously damaged the party's image and the relationship between the party and the masses and have endangered the program of conducting reforms.

By conducting education on party spirit, efforts should be made to enable party members to foster their far-reaching ideals of communism, to uphold the firm and correct direction of politics, and to harbor a sense of serving the people wholeheartedly. It is necessary to enable them to uphold the principle of seeking truth from facts in order to enhance their spirit concerning discipline and organizations and to strengthen the party's combat strength.

Efforts should be made to deal with problems in a down-to-earth manner and to earnestly solve problems about which the masses have many complaints and that need to be dealt with urgently. At present special attention should be paid to dealing with the problems in which some cadres have apportioned expenses and raised funds arbitrarily, and have resorted to coercion and commandism in work; as well as to the slow progress in actively supporting the backward mountainous and rural areas to develop production. The units concerned should clearly list their problems in a down-to-earth manner. On the basis of soliciting the people's opinions, these units should submit their plans for dealing with these problems to the higher-level party committee for approval, make arrangements for conducting reforms in the course of party rectification, and should begin immediately. Efforts should be made to dare to investigate or deal with serious cases involving the leading cadres with regard to seeking personal gain by taking advantage of power. In particular, major or serious cases involving the leading cadres at or above the county level should be clearly investigated and dealt with. By no means should we be indulgent toward and tolerate their mistakes and let the bureaucrats shield one another. We should select some cases and have them be publicly printed in the newspapers or broadcast by the radio stations.

In conducting education on party spirit, we should regard the leading cadres at all levels, particularly the party-member leading cadres at or above the county level, as our major targets. We should overcome bureaucratism in a down-to-earth manner by conducting this education, correct the malpractices, and should do a good job in dealing with the questions concerning attitude. We hope that the leading cadres at all levels would resolutely set examples and take the lead in carrying out criticism and self-criticism and in correcting their own shortcomings and mistakes in order to be true models for party members.

3. Efforts should be made to continuously and deeply conduct education on totally negating the Great Cultural Revolution and to accelerate the pace of investigating and examining the cases of three-category elements.

Liang Buting stated: Recently, there has been a trend that merits our attention. Those who had committed mistakes in the Cultural Revolution and who had been punished or criticized in the past, and readjusted in their posts, have not been examining their own problems honestly and by begging for mercy everywhere have refused to make a confession. Some have even continually indulged in factionalism, established factionalist ties, and have posed as an innocent defendant ready to serve the party organizations. As for this problem, the comrades of the party committees at all levels must maintain necessary vigilance, should see the obstinacy of factionalism, and should regard the work of eliminating the three-category elements as a serious struggle. By no means should we lower our guard and slacken our efforts in this regard. The leadership at all levels must do away with the influence of factionalism and of pleading for mercy by having a clear-cut stand. They should resolutely conduct investigation and examination work to the end and totally eliminate the three-category elements.

4. Efforts should be made to further strengthen leadership over the second-stage party rectification work.

Liang Buting pointed out: The second-stage party rectification work deals with a wide social range; the volume of the work is large and the tasks are complicated. The city, prefectural, and county party committees must put the party rectification work at the top of their agenda, should hold discussions in a regular manner, and should conduct careful guidance over the work. The principal responsible comrades of the city, prefectural, and county party committees must take personal charge of party rectification work. Secretaries in charge of the work must personally join the activities. Meanwhile, efforts should be made to improve the working organs in charge of the party rectification work and to vigorously assign personnel to the weak organs that lack full-time staff members. We should earnestly improve our work style, enhance the work of conducting investigation and study, and should issue different guidance for different cases. Efforts should be made to establish responsibility systems in order to have the higher level organ be responsible for the work of the lower level organ and to have the organ at each level be responsible for their work, as well as in order to exercise face-to-face leadership. We should closely integrate party rectification work with the examination of the achievements scored in readjusting the leading bodies and regard the success or failure made in conducting the party rectification work as a major yardstick in measuring the achievements scored in readjusting the leading bodies. In line with the demand of building the cadres' rank full of revolutionaries, young men, educated staffers, and of specialists, we should do a good job in building or readjusting the leading bodies at all levels.

#### SHANDONG GOVERNOR ON CHECKING MALPRACTICES

SK080325 Jinan Shandong Provincial Service in Mandarin 2300 GMT 7 Aug 85

[Text] Recently, Governor Li Changan gave written instructions on some grass-roots-level supply and marketing cooperatives' malpractices of giving short measures, apportioning low-quality commodities, and infringing upon the interests of peasants. He called on departments concerned to rapidly examine and handle such malpractices.

The 27 July issue of NONGCUN DAZHONG [RURAL MASSES] carried on page three the following cases: The (Wubei) supply and marketing cooperative in Laixi County of Qingdao City gave short measures in selling commodities. The (Tangmiao) supply and marketing cooperative in Jiyang County of Dezhou Prefecture rigidly apportioned low-quality chemical fertilizers in the course of issuing and selling cotton coupons. The cotton station of the (Lixinzhuang) supply and marketing cooperative in Shanxian County of Heze Prefecture purchased cotton seeds from peasants at reduced prices.



That very evening when Governor Li Changan read this paper, he instructed Vice Governor Lu Hong, assigned to take charge of the work in this aspect, to conscientiously examine and solve these problems.

After Vice Governor Lu Hong received the written instructions from Governor Li Changan, he instructed, through discussions with pertinent comrades, the provincial supply and marketing cooperative, the provincial Agriculture Department, and the provincial Industrial and Commercial Administrative Bureau on 1 August to examine and solve these problems in coordination with Qingdao, Heze, and Dezhou. He also called on them to use these negative examples to educate workers and staff members to strengthen their professional morality and foster the idea of serving the peasants.

DEATH TOLL RISES TO 177 IN ZHEJIANG TYPHOON

HK080409 Beijing CHINA DAILY in English 8 Aug 85 p 1

[By staff reporter Liu Dizhong]

[Text] The death toll of last week's typhoon has risen to 177, according to latest figures released by the Ministry of Civil Affairs yesterday. About 1,400 people were injured and 20,000 homes were destroyed by the typhoon, which swept across China's southeastern Zhejiang Province. Storms and floods hit 19 prefectures and cities of the province. The worst-hit areas included Wenling, Yuhuan, Huangyan, Leqing Counties and the city of Wenzhou.

Some 1,400 ships -- **mostly** fishing boats -- sank or were badly damaged by the powerful winds, including a 500-ton Hong Kong ship that had taken shelter in the bay close to Leqing. All 10 Hong Kong crew were rescued by local residents, according to a ministry official.

About 30,000 hectares of crops were destroyed and 160,000 hectares damaged by the typhoon, which hit the coastal province on July 30 -- China's sixth typhoon this year. Dams broke in many places and the widespread floods wreaked havoc with the province's irrigation system.

Thousands of soldiers and local government officials fought the floods. In Taizhou County alone, more than 4,000 people were involved in rescue work. Work teams were sent by the provincial government to the disaster hit areas to guide the massive salvage operation.

In Shanghai, three people were killed in traffic accidents when the typhoon hit. Floods damaged 50,000 homes and caused traffic chaos for more than 24 hours in China's biggest city.

Also, in the city of Candong, in eastern Liaoning Province, 64 people were killed by raging floods, which resulted from two weeks of torrential rain in July.

According to the ministry, the State has allocated about 400 million yuan for disaster relief throughout the country and has earmarked another 400 million yuan for the second half of this year -- a 30 per cent increase on last year.

HAINAN MOTORCYCLE SELLING SCHEME EXPOSED

HK071231 Haikou Hainan Island Service in Mandarin 0400 GMT 6 Aug 85

[Text] The Hainan International Trust and Investment Company ignored the pricing system and refused to adhere to the price set by the Haikou City Commodity Price Inspection Bureau. Instead, it sold imported motorcycles at a high price and refused to deliver to the authorities the illegal income and fines.

On 1 August, acting according to the law, the departments concerned forcibly transferred 83,007.2 yuan, which was the illegal profit from its bank accounts to the state treasury. Also forcibly transferred were 2,500 yuan in fines and 5,644 yuan in payment. Therefore, this case of not delivering the fines or the illegal profits was finally closed 68 days after the legal time limit had expired.

From August to October last year, the Hainan International Trust and Investment Company arbitrarily hiked prices without the approval of the Commodity Price Bureau, and sold 2,413 Japanese-made Yamaha motorcycles to relevant units at a price of 3,252.40 yuan each, or 34.40 yuan more than the wholesale price stated by the Haikou Commodity Price Bureau at that time. The company received a total of 83,007.20 yuan of additional profits. Thus, it violated the regulations of the State Council and the provincial government on pricing.

On 13 May this year, the Haikou Commodity Price Inspection Bureau issued a circular on handling this case. The bureau decided to confiscate the illegal profits of the company, and deliver them to the state treasury. In addition, the bureau imposed a fine of 2,500 yuan. The bureau asked the company to deliver the confiscated profits and the fines to the upper level by 24 May.

However, after receiving the circular, the Hainan International Trust and Investment Company did not carry out the decision under all sorts of pretexts. Despite repeated reminders by the departments concerned, it still did not deliver the confiscated profits or pay the fines. Therefore, on 31 July, following provincial regulations on pricing, the Haikou City Commodity Pricing Bureau issued a circular of forcibly transferring the money.

Consequently, the Haikou branch of the Bank of China was involved in the case to enforce pricing discipline. On 1 August, the bureau forcibly transferred the amount of money from its bank account to the state treasury. Following relevant regulations, the commodity price departments also imposed an additional payment on the company for not paying the fines within the legal time limit.

GUANGDONG SECRETARY LIN RUO SPEAKS ON HAINAN

HK061411 Guangzhou NANFANG RIBAO in Chinese 4 Aug 85 pp 1, 2

[Speech by Lin Ruo at a meeting of leading cadres of organs at the departmental, committee, and office levels or above directly under the Hainan Administrative Region authorities (21 July 1985): "Draw a lesson, Implement Policies, and You Will Have a Bright Future"]

[Text] The purpose of our coming to Hainan is to find out about the situation and to solve the problem of ideological understanding as well as difficulties in the present economic work. Leading comrades of the provincial departments concerned have also come.

Comrades Wang Ning and Yang Deyuan came yesterday. I am leaving tomorrow. Comrade Yang Wenxu expected me to give you a talk, since I am leaving earlier than the others. As I have been here for only a few days, I have not fully exchanged views with comrades at the lower levels. I have not given full consideration to some problems, so I am not sure if I can accurately deal with them. But since I am here, I will meet you and talk to you. If what I say is right, follow it; if what I say is wrong, do not do as I say. What should I talk about? I believe everyone is concerned about the problem of importing cars and reselling them at a profit. So I will talk about this problem.

When the problem of Hainan importing cars and reselling them at a profit occurred, the Special Economic Zones Office of the State Council issued instructions on several occasions explicitly indicating that Hainan should stop doing this. The provincial CPC Committee and government criticized Hainan several times in the hope of stopping it from going any further. They sent a work team to investigate. They summoned your principal leading comrades to a provincial meeting for criticism. At the meeting, they also worked out measures to settle the problem. Subsequently, the Central Discipline Inspection Commission sent an investigation team to help handle this problem. It has been over 6 months now. A great deal of work has been done to handle the case. The Hainan Administrative Regional CPC Committee has called meetings on several occasions to sum up lessons. It has gained a better understanding of the problem. Those of you who are present at this meeting have basically solved the problem of understanding and are determined to correct your mistakes. This is very good. The problem now is how to educate the vast number of cadres, particularly leading cadres of various departments directly under the administrative regional authorities and of cities and counties, so that they really enhance their understanding. This requires a great deal of ideological work. Cadres at the lower levels still have resentment and confused ideas. You are required to help enhance their understanding and dispel their misgivings. If this work is done well, we will be able to thoroughly solve the problem of reselling cars at a profit, change this bad thing into a good thing, reach unanimity of understanding, and strengthen our confidence in building and developing Hainan. Good ideological work will bring forward Hainan's work in various fields, particularly its work of opening up to the world, its reforms, and its four modernizations. Therefore, it is quite necessary and quite important to organize well the ideological education that is currently under way. What ideological problems do cadres at the lower levels still have? I initially guess they have four types of ideological problems.

#### Can Policies Be Violated Under the Pretext of Being Poor?

Their first problem is as follows: Some comrades say that the central and provincial authorities should be lenient toward Hainan and should not take its small mistakes too seriously, as Hainan is poor. There are two implications in this mentality: One is that because Hainan is poor, it is allowed to go out of bounds a little in making money for the purpose of changing its features as early as possible; the other is that because Hainan is poor, it should be accorded lenient treatment when it violates policies and makes mistakes. We should make a specific analysis of the Hainan problem rather than deal with it in general terms or by putting the word "poor" above everything else, as if it were reasonable for a poor region to make mistakes. This is obviously wrong. It is just because Hainan is poor that the central and provincial authorities have given special consideration to it and have adopted a relaxed policy toward it. For example, the central authorities allow you to import 17 types of high-grade commodities for your own use. This is very special consideration. Except for the building of the four special economic zones, Hainan was opened up to the world ahead of the 14 coastal cities. Not just one city but the entire 33,000 square kilometers of the Hainan region consisting of various cities and counties is open to the world, and various preferential policies toward special economic zones are exercised here. This allowance is considerate enough. The provincial government has annually increased its financial subsidies for the autonomous prefecture and the administrative region.



Apart from this, you do not have to hand over your extra output and extra revenues. Beginning from next year, the financial subsidies for the Han nationality areas will not be increased, but those for the autonomous prefecture will still be increased. In 1978, the autonomous prefecture received a subsidy of more than 50 million yuan from the provincial government, and the subsidy provided last year increased to 160 million yuan. This shows that the central and provincial authorities have been providing preferential treatment for Hainan.

It is obviously wrong to go out of bounds under the pretext of being poor. This mentality will lead people astray. A person should not think that since he is poor, he can violate policies and harm others. We should never do this.

Moreover, can one solve the problem of being poor by violating policies? From a long-term viewpoint, he cannot solve the problem of being poor. From a short-term viewpoint, one can still make some money without following the party's line, policies, and principles. But in the final analysis, he cannot solve the problem of being poor but will go astray. I hope you will keep a cool head and consider this: You used your hard-earned income from foreign exchange to buy high-grade commodities and resold them at a profit. It seems that you made a lot of money, but you found it impossible to go on making money this way. So, you had to make money by obtaining illegal income from foreign exchange. This became a vicious circle. If we use our income from foreign exchange for construction and for building factories and setting up enterprises, the social productive forces, the opportunities for employment, and social wealth will increase year by year. This is a long-term plan. You will probably not make much money in the first year. But 3 to 5 years later, you will make much more money than by engaging in speculation in foreign exchange. This is the right method for solving the problem of being poor.

On the other hand, can a region violate policies and the law when it is poor? If the answer is affirmative, then everyone can violate the law. What will come of this? The consequences will surely be very serious. As early as in the first half of last year, you resold imported commodities at a profit, and you also resold imported cars at a profit. But leading cadres of the administrative regional CPC Committee could still keep a clear head at that time. So they dealt with several cases that violated policies. In June, the provincial government sent a work team to investigate. As the work team found that the problem was not too serious, it did not take it as a major matter. In July, the "six stipulations" concerning industrial and commercial administration were promulgated. You thought that you could take advantage of the situation and therefore went in for reselling a large number of imported cars at a profit until the case was too serious to control. There was an ideological root cause that made you think that you could make money by reselling imported commodities at a profit. So, when the opportunity presented itself, the idea took shape. External factors display their role through internal ones. Because you thought it would not matter for a poor Hainan to resell imported cars at a profit, when the "opportunity" came, your mistaken idea manifested itself. Obviously, it is quite important to straighten out erroneous ideas. Comrades of the autonomous prefecture demanded that special consideration be given to minority nationality areas. The party and the government will definitely give special consideration to minority nationality areas. This is our policy on minority nationalities. But as for yourselves, you should not put undue stress on enjoying preferential treatment. Otherwise, a dependent mentality will emerge, and this will weaken your spirit of self-reliance and hard work.

#### An "Error" or a Serious Mistake

The second problem is as follows: Some comrades hold that the reselling of cars is a mistake made in the course of opening up to the world and reform, thus it should be regarded as an "error."

It should be permitted if regarded as an error. Moreover, a handful of people hold that there is nothing wrong in others making mistakes, but when we make mistakes we get into trouble. This is not fair. Some even hold that if the central inspection team had not come, Hainan's reselling of cars would not have been regarded as a mistake. These views are all wrong. Although problems of every description are unavoidable in the course of opening up to the world and reform, due to lack of experience, Hainan's reselling of cars at a profit is certainly not an error, but a serious mistake. The conclusion drawn by the Central Discipline Inspection Commission holds that it is an extremely serious mistake. In my opinion, this conclusion is absolutely correct. Why? Because we must make a distinction between error and mistake, that is, are you violating regulations knowingly or do you have no rules to follow? As there is no precedent for opening up and reform and there is no rule to follow for certain matters, the mistakes made can be regarded as errors. Nevertheless, are there no rules to follow for the reselling of cars? The Central Document No 11 has stipulated in explicit terms that cars and 16 other kinds of goods should be used within Hainan and are not to be sold outside the island. The reselling of a large quantity of cars is apparently a mistake made knowingly.

As to the so-called "6-point policy" of the industrial and commercial bureau, we have not even seen the document yet. It was first mentioned by a deputy director of the industrial and commercial bureau and then transmitted to the lower levels. Naturally, the industrial and commercial management departments under the provincial authority should also bear responsibility. With a mistaken idea, they regarded the "6-point policy" as a token of authority and hurriedly transmitted it to the lower levels. However, the provincial authorities promptly issued a circular to stop the implementation of the policy put forward by the deputy director of the Industrial and Commercial Bureau on the reselling of cars. The Hainan district government turned a deaf ear to the circular issued by the provincial authorities and took the mistaken policy as a trump card, irrespective of the provisions stipulated in the Central Document No 11. Therefore, Hainan's reselling of cars is not an error, but a mistake.

Furthermore, the large quantity of cars imported and resold, the length of the period covered, and the enormous influence are all unprecedented. According to the criticism made by the leading comrade of the State Council, you have "gone too far in making this serious mistake." The cars imported by Hainan have exceeded the total number imported by the country in a year. Our country needs a large quantity of trucks that can serve production, while 80 percent of the vehicles you imported are luxury cars. This is incompatible with the needs of the state. Our foreign exchange is not easily obtained. In importing cars, you have spent more than \$500 million. Hainan can only create \$40 million of foreign exchange a year, but the amount spent in importing cars alone is equivalent to the figure you have to create for more than 10 years. Ours is a poor country. As we are now carrying out the building of the four modernizations, our foreign exchange is hard-earned. The state needs large amounts of foreign exchange for key construction projects. However, you have spent the foreign exchange in a field not related to the four modernizations. This is an appalling waste. Hainan's reselling of cars has exerted an adverse influence at home and abroad. Your rash action has also created a malign influence on opening up and reform. Thus, the reselling of cars is not an error, but a serious mistake.

Some comrades hold that there is nothing wrong in others making mistakes, but when we make mistakes we are in trouble. This is contrary to the facts. When others make mistakes, they also are seriously dealt with. While implementing the instruction of the central authorities on attacking serious economic criminal activities in 1982, all localities took part in the drive and paid a high price. A number of cadres were sent to jail and some were even sentenced to death. Although the incidents that took place in some localities in Guangdong a few years ago were investigated and handled, we did not make due efforts to sum up experience and draw a clear line of distinction between right and wrong, thus giving rise to Hainan's serious case.

All things on earth follow the law from quantitative change to qualitative change. In similar cases, a small quantity is different from a large quantity. A large quantity is bound to lead to a qualitative change. Therefore, Hainan's reselling of cars must be seriously handled.

Some comrades hold that the more you do, the more mistakes you will make. You will not make a mistake if you do nothing. Is doing work definitely related to making mistakes? No. The problem is how you do your work. If you do work by following the party's line, principles, and policies, the more you do, the more contributions you will make. You made this serious mistake because you deviated from the stipulations of the Central Document No 11. On the premise of implementing the party's principles and policies, great enthusiasm can bring about great achievements. If we deviate from the party's principles and policies, the enthusiasm exerted will only lead to greater mistakes. If you act recklessly by deviating from the correct guiding principle, you will certainly not create any achievement, but will get into trouble. Therefore, it is wrong to make the sweeping statement that greater enthusiasm will lead to more mistakes. Is it right that you will not make any mistakes if you do nothing at all? As a matter of fact, doing nothing is in itself a mistake. It is the imperfect responsibility system that has given these people who do nothing a chance to muddle along within our ranks. Nevertheless, these people constitute a minority. The majority of the comrades are working hard and conscientiously. Hainan's reselling of cars is serious and has produced a great impact, so it must be sternly dealt with.

Without the help of the investigation team sent by the Central Discipline Inspection Commission, this case would not have been smoothly solved. Correcting this mistake and summing up experience and lessons will give impetus to Hainan's work. Therefore, we must be grateful to the CPC Central Committee and the comrades of the Central Discipline Inspection Commission for the help afforded to us. It is wrong for the comrades to hold that if the investigation team had not arrived our problem would not have been taken as a mistake. The mistake you have made is an objective reality. How can you say that without inspection it would not be regarded as a mistake? These muddled ideas show that you have not yet changed your stand. You will not get a correct conclusion and you will not be able to truly sum up experience and lessons unless you look at problems from the principle of party spirit. All our leading cadres should examine themselves under Article 35 of the party Constitution on the basic requirements for party cadres.

#### This Case Must Be Seriously Dealt With

The third problem is as follows: Some comrades said that these few leading comrades of the regional CPC Committee all worked for the interests of the people in Hainan, and even said that although certain comrades made mistakes, they did not pocket the money themselves. Since they have already acknowledged and corrected the mistakes, is it possible not to punish them? Because if we should punish them, knowing that they made the mistakes in working for the interests of the people in Hainan, we would feel fairly sorry about it. This demand is understandable. However, as leading cadres at the regional CPC Committee level, they are not just required not to pocket the money themselves. As far as they are concerned, and also leading cadres at different levels in the party as well as all the party members, we cannot just set out the requirement that "as long as you do not pocket the money, you can do whatever you like." If we put forth such a requirement only for party cadres, we are reducing them to a status lower than that of common people. Even the common people and citizens of China should abide by the law and pay attention to morality and should not break the law and benefit themselves at the expense of others. All the members of the Communist Party should abide by the Constitution of the PRC and all the policies and decrees. As everyone knows, the purpose of the Communist Party is to serve the people wholeheartedly.



However, how can we serve the people wholeheartedly? An important principle is that we must observe the laws and disciplines of the party and the state and act according to the principles and policies of the party. Without the party's principles and policies, we just cannot do a good job by prattling about serving the people. As the folk adage goes, if there are no compasses and rulers, there will be no circles or squares. If we are to make our work a success, we must unflinchingly implement and carry out the lines, principles, and policies of the party. Therefore, we cannot just pay lip service to serving the people. Only by earnestly implementing and carrying out the party's principles and policies can we talk about serving the people wholeheartedly.

We must also understand that cadres who have made mistakes or serious mistakes must be punished, because this is a kind of education in itself. We just cannot regard necessary punishments as completely negating people. The party's policy at present is good, because it upholds seeking truth from facts, and it is not like, as in the time of the "gang of four," when you were knocked down you had to be kept underfoot so that you would never be able to rise again. We do not do these things now. Meting out necessary punishments to an erring cadre is a kind of education for him, enabling him to earnestly draw a lesson from it and truly correct the mistakes. On the other hand, it can also serve to educate the vast numbers of cadres and help them heighten their vigilance. "To learn from past mistakes to avoid future ones and cure the sickness to save the patient" is the same sort of thing.

Why have there been more cases of breaking laws and violating discipline in recent years? One of the reasons is that the party's discipline is lax. Therefore, it is necessary and correct to mete out proper punishment to erring cadres in light of their individual situations, and this cannot be regarded as knocking them down at one stroke. If we do not do this, there will be no way of enforcing the party's discipline in the future. We say that we allow people to make and correct mistakes, and it does not mean that we do not want discipline. It is wrong for people to equate allowing the correction of mistakes with no discipline. After a period of time, if the punished, erring cadre can prove through practice that he has really corrected his mistakes, he can still be promoted and put in an important position. We do not regard him as untrustworthy simply because he once made mistakes. It is exactly in this sense that we propose allowing cadres to make and correct mistakes. Can we just criticize those people involved in the case of reselling cars at a profit? Will the people in the entire province agree and approve? If we let such a major case go unpunished, some comrades will say that all other cases are minor ones, and that they can also make some major errors in the future.

Regarding the way of dealing with this problem, I myself heard people saying that it depended on the provincial CPC Committee. Some comrades even said that if this case is not dealt with, a second and third major case will very soon crop up. The erroneous ideological trend and conduct will not be overcome by itself. If it goes unchecked, it will surely become more and more serious. This is the natural law of things. Therefore, if it is not seriously dealt with, it will be very difficult for us to check similar things in the future. We must conscientiously sum up lessons from this. If we just give it casual treatment, the people of the whole province will not approve. Of course, punishment must be based on facts. It is necessary to mete out serious and appropriate punishment in light of the actual situation of Hainan and give consideration to the reality in Hainan. This time only three comrades have been respectively dealt with, and I deem it appropriate. In dealing with this problem, the CPC Central Committee, the CPC Central Discipline Inspection Commission and the provincial CPC Committee gave consideration to factors of every sector and made allowances for the historical conditions and reality of Hainan. It should be considered that the handling of this problem by the CPC Central Committee, the CPC Central Discipline Inspection Commission and the provincial CPC Committee is correct, logical, and reasonable.

## What Counts Is To Implement Policies and Bring Local Strong Points Into Play

Their fourth problem is as follows: Some comrades say that with the disclosure of the case of reselling imported cars at a profit, Hainan will have no bright prospects ahead. It will find it difficult to advance economically, to say nothing of taking off economically. This statement reflects a problem of confidence, that is, those comrades have lost confidence in the development and construction of Hainan Island. Other comrades say that since the policies on Hainan Island have changed or we have withdrawn from the policy of opening up, how can an economic takeoff be generated on the island?

As I see it, this view is wrong. First, the central authorities have formulated a principle concerning the problem of money in the course of handling the car-reselling case, that is, they should "neither lose money nor make a profit." This principle of "neither losing money nor making a profit" is worked out on the basis of the actual conditions on Hainan Island. In accordance with this principle, the central authorities have made relatively rational stipulations on the problem of evaluating the cars in terms of money. Firsthand car dealers can basically manage "neither to lose money nor to make a profit." As for the secondhand or thirdhand car dealers from whom the firsthand dealers or speculators and profiteers have pocketed money, they have to vigorously recover their lost money if they want to "lose no money." It is justified to recover ill-gotten wealth. What is to be done about the money that has been spent? It is difficult to handle this kind of case. I was informed that the Hainan Physical Culture Commission used the money they earned from reselling cars to build a stadium. It will be difficult to ask them to compensate for losses with their stadium. This kind of case has to be put aside for further consideration. What is to be done about the money that cannot be recovered? Have you not sold any of your cars? You must pay for the state's losses with the money you earned from such a sale. The problem at present is that you have turned over your cars to the state but the latter has not given you all the money to which you are entitled. This is a very real problem.

The fact-finding group of the Central Discipline Inspection Commission is very much concerned about this problem. They have studied the problem with the departments concerned. Recently, a total of more than 1 billion yuan was allocated to Hainan Island and it is reported that more is to be allocated soon. Still, what is to be done with the interest owed to the banks? This is also a real problem. On the one hand you owe the banks interest and on the other, you have not received state financial allocations. This is really a problem. We are ready to actively report this situation to the higher authorities and strive for early state financial allocations for you. The problem of money is indeed a burden but we must not take it too seriously because it has become a fact that cannot be denied. So long as we state the reasons clearly and unify our understanding, the problem will not be so great.

As for the problem of the so-called change in the policy on Hainan Island, we must make a correct analysis of it. Although there are some changes in some specific aspects of the policy, the central authorities' general policy on speeding up the development and construction of Hainan Island has not changed. Recently, central leading comrades have repeatedly stressed: We must continue implementing the policy of opening up to the outside world and doing a good job in economic reform and not revise our general principle and policy even when there are some problems cropping up. The policy of opening up Hainan Island to the outside world has also not changed and what is more, Central Document No 11 has not been declared invalid. We should continue implementing the document instead. True, there are some revisions on some specific regulations. Nevertheless, these revisions are necessary. This is because, in the final analysis, you have failed to exercise the great power entrusted to you by the central authorities. Such being the case, the central authorities have had to make some revisions.

This is a correct way of doing things. Therefore, people should not casually say that the present policy has changed and we have withdrawn from the policy of opening up. In order to earn more foreign exchange, some localities rushed to buy commodities everywhere for export use. Consequently, parallel goods flooded the Hong Kong market. With the excessive amounts of goods exported, the goods could not be sold at desired prices. When everything had been added up, the state suffered a great loss. Things like this would have not been done if we had adopted an overall viewpoint. With the door to China being opened wider, leading cadres at various levels should constantly enhance the understanding of policy. At present there are some difficulties confronting us but they are transient in nature. We must be confident that we can tide over the difficulties in these few months.

As I see it, through handling the car-reselling case, Hainan Island has bright prospects ahead and can accomplish something big. It will take off economically soon. It will not be in a hopeless state as some comrades have said. Bad things can be turned into good ones. Provided that our comrades conscientiously sum up experiences, both positive and negative, they can attain enormous spiritual wealth and avoid repeating mistakes of that kind in the future; they can become wiser and implement policies more willingly; and they can become more enthusiastic and vigilant in carrying out economic activities with foreign investors. After drawing lessons from this car-reselling case, our comrades will be able to better implement the central principles and policies. Over the last few years, the situation has been fine and great achievements have been made in the rural areas. What do we rely on in this respect? We rely on the correct policies of the central authorities. With the same people and the same cadres, why did we fail to bring about an upswing in our national economy in the past despite our repeated strenuous efforts and why have things changed so greatly in the last few years? Is this state of affairs not connected with the correct policies of the CPC Central Committee? The CPC Central Committee has formulated a series of principles and policies for us. So long as we conscientiously implement them, we can certainly bring about an upswing in production rapidly. Since the establishment of the new Hainan leading body, generally speaking, they have done a lot of work and made positive achievements.

Do not lose confidence because of your mistakes. You should know that the main aspect is good. Mistakes do not matter much so long as you understand and correct them. During my visit to half of Hainan this time, I have acquired some knowledge of the situation. A Wanning County report reveals that agricultural production has increased by 20 percent over the past years. Hainan has blazed a new trail in introducing advanced foreign technology and carrying out cooperation with the hinterland. Although some people have recently stopped doing this and left Hainan, you have, after all, paved the way. It is good that some people who carried out speculation have left Hainan. Some people have ulterior motives when they came to Hainan, thinking that they could pick up gold here. When they discovered that there was no gold to pick up, they left. Those who really want to run joint enterprises with Hainan are still here.

You should not be unaware of the treasure on this treasure island. Hainan has its own characteristics and potential. You should not follow methods used in the hinterland and go in for the electronics industry on a large scale by importing parts and components. You will incur serious losses from this. Neither should the hinterland go on doing this without restrictions. Your conditions concerning technology, communications, and economic information are not as good as those of others. How can you contend with them? Even if you establish something in the short term, it will not last long. Hainan has favorable conditions for developing tropical crops. Has everyone not said that Hainan is poor? In fact, the peasants, who account for 80 percent of the population, are poor. In the final analysis, to make the peasants rich, it is necessary to develop agricultural production. People in other parts of the country cannot develop tropical crops, but you can.



This is the superiority of Hainan. You should put in time and effort in this respect. You also have favorable conditions for seawater breeding. It is necessary to develop seawater breeding along the coast. When you have an ample supply of agricultural and sideline products plus the gradual development of the processing industry, you will have no fear of preparing a meal without rice. You can also develop the mining industry. Many mines in Hainan Island remain unexploited. I was told that Qionghai is running a granite cutting factory. This is good. In short, you should base yourselves on exploiting local resources. This should become your guiding principle.

Hainan has great potential to tap in developing rice production. Your per mu output now is about 700 to 800 jin. By doubling it, it will be 1,400 to 1,500 jin. This is possible. It is necessary to raise the output per unit area. If we can greatly develop the production of agricultural and sideline products, the income of the peasants will increase by a large margin. As funds are lacking for the development of industry, it is necessary to accumulate funds. This can be solved by encouraging foreign businessmen to invest or by implementing the policy on Overseas Chinese. You should do things in their proper order. Do not be overanxious for quick results. This does not require a large number of persons. Let the departments of foreign trade and foreign economic relations do it. With the development of industry, agriculture, tertiary industry, and township enterprises, Hainan's economy will gradually grow. This cannot easily be seen in 1 or 2 years, but after 3 to 5 years, people will feel its great development. You are full of hope and have great prospects. The Hainan people have a glorious revolutionary tradition and are honest and frank. However, the development of their commodity economy is a little slow and they are not as good as others in doing business. This does not matter. You can learn from others. There are many returned Overseas Chinese on the island. In Qionghai alone, there are 200,000 returned Overseas Chinese, with almost the same number of relatives abroad. There are over 1 million returned Overseas Chinese on the entire Hainan Island. The majority of them love the country and their native places. We should seriously implement the policy on Overseas Chinese. Overseas Chinese will have more confidence in making investment with the general mood of society changing for the better. Carrying out speculation will invite speculators and not entrepreneurs. More and more Overseas Chinese will make investments with the correct settlement of the case of reselling imported cars at a profit. I firmly believe that Hainan's economy will undergo healthy and rapid development and have a bright future.

In short, I hope that Hainan cadres will sum up their experiences and lessons, draw a distinction between right and wrong, enhance their ideological understanding, and stimulate their revolutionary spirit. With this work being done well, Hainan will have bright prospects. You should have full confidence, exert yourselves, and take big strides.

URUMQI PLA APPROVES AMALGAMATION WITH LANZHOU

HK080321 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 7 Aug 85

[Text] The Urumqi Military Region CPC Committee held an enlarged meeting of its Standing Committee on 5 and 6 August, mainly to implement in depth the spirit of the enlarged meeting of the Central Military Commission, firm up schemes for structural reform, streamlining, and reorganization of the organs and units of the military region, and mobilize the commanders and fighters of the region to work in concert, closely unite, and do a thoroughly good job of structural reforms, streamlining, and organization.

Wang Enmao, first political commissar of the military region and first secretary of its CPC Committee, presided at the meeting. At the opening of the meeting, Commander Xiao Quanfu conveyed the spirit of the enlarged meeting of the Central Military Commission and made an important speech on the streamlining and reorganization of the military region's organs and units. Political Commissar Tan Shanhe conveyed the speeches of Chairman Deng and General Secretary Hu delivered at the enlarged meeting of the Central Military Commission. Deputy Commander Liu Haitian conveyed the scheme for structural reform, streamlining, and reorganization of the units. Also present were other leading comrades of the military region Wang Fuzhi, Ma Sen, (Aidezuofo Hasimu), Caodanuofu, Liu Ling, Li Changlin, He Linzhao, (Ren Shuqian), and (Hua Jianzhong), and principle leading comrades of units at and above divisional-level.

In close connection with reality in the units, the leading comrades at the meeting seriously studied and profoundly appreciated the speeches of Chairman Deng and General Secretary Hu delivered at the enlarged meeting of the Central Military Commission. They unanimously held: Reducing the number of Armed Forces personnel by 1 million is the decision made by the CPC Central Committee and the Central Military Commission in accordance with their correct analysis of the current international situation and in light of the overall situation in national economic construction and the requirements for the modernization of the Armed Forces. The decision was made after careful consideration. It fully accords with the desires of the people of the whole country and of the commanders and fighters. It is extremely wise and correct. It will have a major impact at home and abroad.

In accordance with the decision of the Central Military Commission, Urumqi Military Region will be amalgamated with Lanzhou Military Region. Urumqi Military Region will be reorganized into Xinjiang Military District and exercise jurisdiction at service arm and regimental levels; it will be subordinate to the leadership of Lanzhou Military Region.

The participants at the meeting held lively discussions on this major structural reform in the history of the military region. They unanimously held: This is the requirement of developments and of opposing future wars of aggression. It is also the requirement of the socialist modernization of our country. They unanimously declared: We resolutely support the policy decision of the Central Military Commission. We will resolutely obey the leadership of Lanzhou Military Region, work in concert, pool the wisdom and efforts of everyone, and strive to raise the revolutionization, modernization, and regularization of the military region's units to a new level, making new contributions to defending and building the northwest border area.

This historic meeting was brief but produced good results and was a great success. It reached the predicted goals of enhancing understanding, unifying thinking, gaining a clear idea of the tasks, and formulating measures. The meeting was imbued throughout with an atmosphere of unity and of uniting as one and of carrying forward the cause and forging ahead into the future.

The participants gained a correct understanding of the abolition, amalgamation, alteration, and downgrading of some units, and seriously discussed how to make a success of streamlining and reorganizing the military region's organs and units. They pledged to act according to the arrangements of the military region CPC Committee and complete the task of structural reform, streamlining, and reorganizing in an orderly and measured way.

Tan Shanhe, secretary of the CPC Committee and political commissar, made an important speech at the conclusion of the meeting. After lauding the glorious history of the military region's units, he put forward, on behalf of the CPC Committee, four demands regarding political work in streamlining and reorganization: 1) Carry out in-depth education in strengthening party spirit and subordinating oneself to the overall picture. 2) Do a thoroughly good job in grass-roots building. 3) Seriously carry out safety work and prevention of accidents. 4) Strengthen CPC Committee leadership over all work.

Wang Enmao, first political commissar of the military region and first secretary of the CPC Committee, also made an important speech at the conclusion of the meeting. He reviewed the history of the PLA units stationed in Xinjiang. He said: Although work in the military region embarked on a tortuous course at one time in the past 30 years, generally speaking the military region has resolutely implemented the line, principles, and policies of the CPC Central Committee and the instructions of the Central Military Commission. It has achieved notable successes in building the units, carrying out military and political training, building border defenses, defending the border and the four modernizations, supporting local socialist construction, carrying out rescue and relief work, building socialist spiritual civilization with the local people, training dual-purpose talented people for military and civilian use, and strengthening Army-government unity, Army-people unity, and nationality solidarity, and so on.

This is the result of the common efforts of the leadership of the military region CPC Committee, the whole body of cadres and fighters of the units, and all personnel. The people of all nationalities in Xinjiang will never forget this. After streamlining and reorganization, the units should continue to forge ahead on the basis of the past work of the military region, and achieve new and still greater victories.

In conclusion, he put forward five demands:

1. The party committees at all levels must, as in the past, resolutely implement the line, principles, and policies of the CPC Central Committee and the instructions of the Central Military Commission. At present, it is necessary to implement the strategic principle of the CPC Central Committee and the Central Military Commission on structural reform, streamlining, and reorganization of the units. This work must be grasped well in a highly responsible spirit.
2. Respect and obey the leadership of Lanzhou Military Region, resolutely carry out its orders and instructions and seriously do well in promptly seeking instructions and making reports.
3. Strengthen the unity of the units, especially of their leadership groups. Unity is the basis and guarantee for the victory of our cause. So long as unity in the units is promoted well, structural reform, streamlining, reorganization, and other work can certainly be done well.
4. Continue to strengthen border defense construction and fulfill the task of defending the border and the socialist modernization drive.
5. Continue to support local socialist construction. The units scored great success in this respect in the past, and must do still better in the future, making still greater contributions to developing and building Xinjiang.



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